CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY-FOURTH PARLIAMENT

7 ELIZABETH II

VOLUME II, 1958

COMPRISING THE PERIOD FROM THE ELEVENTH DAY OF JUNE, 1958,
TO THE FIFTEENTH DAY OF JULY, 1958, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

HOUSE OF COMMONS

Wednesday, June 11, 1958

The house met at 2.30 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the house that I have received a communication informing me that a vacancy has occurred in the representation, namely:

Of Hon. Jean Lesage, member for the electoral district of Montmagny-L'Islet, by resignation.

Accordingly, I have addressed my warrant to the chief electoral officer for a new writ of election for the electoral district.

RAILWAYS, CANALS AND TELEGRAPH LINES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. G. K. Fraser (Peterborough) presented the first report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

CIVIL DEFENCE

ANNOUNCEMENT OF SURVEY TO BE CONDUCTED BY LIEUTENANT GENERAL GRAHAM

Hon. J. W. Monteith (Minister of National Health and Welfare): I should like to announce that Lieutenant General Howard D. Graham, following his retirement on August 31 from the post of chief of the general staff of the Canadian army, as announced by my colleague the Minister of National Defence, has agreed to undertake on behalf of the government a comprehensive survey of all aspects of Canada's civil defence policy and program.

I might say that in the view of the government the need for a thorough reappraisal of current policies and programs at this time is underlined by the changing nature of the threat which confronts civil defence in this and in other countries. In the post-war decade, 1948-1958, during which civil defence has been active, the scale of attack has shifted from atomic to hydrogen weapons. For the years immediately ahead, civil defence faces the need to re-examine present plans and assumptions, based largely on hydrogen weapons, in order to make sure that they take sufficient account of the new threat posed by the intercontinental ballistic missile.

It is expected that General Graham's survey will require him to visit various provinces of Canada in order to see for himself what progress in civil defence is being made at provincial and local levels. In this he will be expected to consult with provincial and municipal leaders, as well as those familiar with civil defence policies at the national level.

Hon. Paul Martin (Essex East): May I ask the minister if General Graham's assignment will include a recommendation regarding the sharing of cost by the three levels of government, or will he just recommend to the minister proposals for reorganization of civil defence?

Mr. Monteith (Perth): I would expect that General Graham would probably study that angle of the problem.

Mr. H. W. Herridge (Kootenay West): I have a supplementary question, Mr. Speaker. Would the minister suggest to General Graham that when he visits the municipal civil defence authorities he would be well advised to get in touch as much as possible with the persons who have been interested in civil defence, the rank and file. I think it would be of great value to him if he did so and that he would have a better understanding of their needs, requirements and dissatisfactions.

Mr. Monteith (Perth): Mr. Speaker, I shall be happy to pass on that suggestion to General Graham.

STARRED QUESTION

IMPORTS OF U.K. PRODUCTS ASSEMBLED IN U.S.

Question No. 11—**Mr. Cardin:**

1. What was the total amount of Canadian dollars paid to the United States in 1956 for imports of farm tractors manufactured in the United Kingdom and assembled in the United States?

2. Was this amount taken into consideration by the dominion bureau of statistics when compiling its figures regarding the Canadian trade deficit with the United States?

3. Are other products manufactured in the United Kingdom and imported into Canada from the United States? If so, what items?

4. Has the government taken any steps to encourage British companies to assemble farm tractors and other British products in Canada rather than in the United States? If so, with what results?

Orders for Returns

Hon. Gordon Churchill (Minister of Trade and Commerce): This question, Mr. Speaker, is a refurbished edition of the one asked by the hon. gentleman last session on January 29, 1958. My answer on that occasion will be the one I give now. It is as follows:

Mr. Speaker, no records such as are asked for by the hon. member are kept, and the information is not easily obtainable as it involves tracing the country of origin of components in manufactured articles coming from the United States.

That answers the first, second and third parts of the question. As to the fourth part may I say this. British companies are free to establish branches in Canada, are encouraged to do so and have done so in large numbers. The recent United Kingdom trade mission to this country had that as one of its objectives.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, questions numbered 19, 30, 39, 46, 48, 50, 51, 57, 69, and 71 should be changed to orders for returns.

Hon. Lionel Chevrier (Laurier): May I just point out that these questions come after orders of the day and really are not on the order paper.

Mr. Speaker: If the hon. member for Laurier will look at the bottom of page 3 of the order paper he will find that it is at this stage that the opportunity is given for making questions orders for returns.

Mr. Chevrier: I am afraid I was not alert.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INDIAN BANDS, SKEENA CONSTITUENCY

Question No. 19—**Mr. Howard:**

1. What are the names of the Indian bands or reserves which are within the electoral district of Skeena?

2. Upon what dates since January 1, 1956, has (a) an Indian superintendent; (b) a doctor; (c) a dentist, visited each band or reserve?

SALK VACCINE

Question No. 30—**Mr. Martin (Essex East):**

1. To what countries does Canada now export the Salk vaccine?

2. When were the first shipments of the Salk vaccine authorized for export to any receiving country?

3. How many children in Canada have received three shots of the Salk vaccine as of March 31, 1958?

4. What is the total financial contribution of the federal government under dominion-provincial arrangements for the free supply of the Salk vaccine, during the fiscal year ended March 31, 1958?

5. What is the age beyond which the federal government does not now contribute to the free supply of the Salk vaccine in any or all of the provinces?

[Mr. Cardin.]

6. What proportions of the Salk vaccine program in Canada are now manufactured at the Connaught Medical Research Laboratories, the Institute of Microbiology at the University of Montreal, and private manufacturers?

7. Is the Salk vaccine production in Canada provided by private manufacture in Canada or do all commercial supplies now come from the United States?

8. How many private commercial companies have received permission to sell and distribute the Salk vaccine in Canada?

9. Are the British controls or tests prior to use of the Salk vaccine the same as those provided in Canada?

GOVERNMENT PASSENGER AUTOMOBILE PURCHASES

Question No. 39—**Mr. Argue:**

1. How many passenger automobiles have been purchased or contracted for by the government during the present year to date?

2. Of such automobiles, how many are manufactured in (a) Canada; (b) the United States of America; (c) other countries?

3. For what purpose are cars in categories "b" and "c" being used?

KITIMAT—ELECTION EXPENDITURES, 1957

Question No. 46—**Mr. Howard:**

How much money, if any, was spent for the conducting of the 1957 general election for each polling division in Kitimat, British Columbia, for (a) enumerators; (b) remuneration to the deputy returning officers and poll clerks; (c) the rental of premises; (d) other expenses not mentioned above?

PUBLIC SERVICE—RETIREMENT EXTENSIONS

Question No. 48—**Mr. Broome:**

1. As of latest date available, how many civil service employees of the federal government who have reached retirement age are still employed by means of extension permits granted for (a) six months; (b) one year?

2. Are extensions granted for longer periods than one year?

3. If so, how many of such extensions are in effect as of latest date available?

WELFARE PAYMENT REPRESENTATIONS

Question No. 50—**Mr. Martin (Essex East):**

1. Has the government received representations from any group or association requesting (a) an increase in the old age security pensions to an amount of $75 per month, payable at age 65 with a means test; (b) amendments to the old age security and old age assistance acts to permit payment of pensions regardless of the country of residence; (c) housing facilities be made available to pensioners through C.M.H.C. or some other government agency; (d) amendments to the Old Age Assistance Act to increase the allowable income to $2,000 for married couples and $1,600 for single persons; (e) amendments to the disabled persons allowances act to broaden the definition of a disabled person?

2. If so, has the government replied to such representations, and what reply was given?

TRANSMISSION ASSEMBLIES AND PARTS—IMPORTS

Question No. 51—**Mr. Broome:**

1. What is the value of automatic transmission assemblies and parts imported from the United States by the automobile industry, in each of the years 1955-56-57?

2. What is duty rate on (a) complete transmission used in assembly of motor cars; (b) on parts?

ROADS, BRIDGES, ETC.—ASSISTANCE TO PROVINCES

Question No. 57—**Mr. Argue:**

1. What has been the total federal government expenditure for the fiscal years 1956-57 and 1957-58, in each province on (a) roads; (b) bridges; (c) grade separations?

2. Of the total amount for each fiscal year, how much was paid to each provincial government, and how much directly by the federal government for work under its jurisdiction?

FEDERAL GOVERNMENT ADVERTISING

Question No. 69—**Mr. McIlraith:**

What were the names of advertising firms employed by each department of the government, (a) on April 1, 1957; (b) on April 1, 1958?

FEDERAL STEPS TO CURTAIL TRAFFIC DEATHS

Question No. 71—**Mr. Houck:**

1. How many persons have died in Canada during the year 1957, as a result of automobile and highway traffic accidents?

2. Has the federal government collected any information as to plans or programs designed to curtail loss of life from automobile or highway traffic accidents?

3. Has the federal government taken any steps to distribute such information or has it taken any such steps to assist in curtailing loss of life?

MOTIONS FOR PAPERS

BEAUCE FLOOD, QUEBEC

Motion No. 10—**Mr. Racine:**

For a copy of all correspondence exchanged between the town of Beauceville, and any person or persons, and the federal government, concerning the flooding of the Chaudiere river, last December.

Motion agreed to.

GREAT LAKES-ST. LAWRENCE—STUDY OF FACILITIES REQUIRED

Motion No. 12—**Mr. Chevrier:**

For a copy of the study or survey made by the Department of Public Works, or any official thereof, of facilities required at ports and harbours along the great lakes-St. Lawrence route, arising out of the construction of the St. Lawrence seaway and the opening of this route to 27-foot navigation in 1959, and more particularly of improvements to harbour and river works at such ports.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this motion calls for the production of reports which are made by officers of my department to more senior officers in that department, and as such I believe they are privileged and should not be produced.

Mr. Chevrier: Mr. Speaker, the reason for this motion is because of a discussion which took place during the debate on the estimates of the Department of Public Works. I would like to quote from page 930 of *Hansard* for June 6, 1958, as follows:

I simply wanted to bring to his attention—

That is to the attention of the minister.

—the fact that he should deal with all ports in the same manner, and in order to do that it seems to me that the best way is to have a survey or study made.

A little further on the minister intervened as follows:

It has already been done for practically all the ports.

To which I replied:

I am glad it has. If it has, I hope the results will be available to those of us on this side of the house—

It seems to me that it would be useful if these surveys of ports which are made could be given to the house so we would have some information and some knowledge of what improvements are contemplated at such ports.

Mr. Green: Mr. Speaker, these investigations are made by the officials of the department in the course of their duties, and we cannot disclose confidential reports of this kind. If this were to be done in the course of administration we would get into an impossible position. I have in my hand Bourinot's fourth edition, page 251, which reads as follows:

The practice of asking for reports from officers, addressed to particular departments of the executive government, is considered to be open to serious objection. As to "confidential documents" passing between officers of a department, Mr. Speaker Peel observes: "They are not necessarily laid on the table of the house, especially if the minister declares that they are of a confidential character."

The reports for which the hon. member for Laurier is asking are of a confidential character, and I suggest they should not be produced.

Mr. Chevrier: Mr. Speaker, if I may have a further word on this subject, the hon. gentleman did not say during the course of the discussion that the reports were confidential. He does state that now, but all I am saying at this juncture is that the position he takes is entirely different from that which he took when he sat on this side of the house and demanded the production of similar documents.

Mr. Green: On that point, Mr. Speaker, I do not think the hon. member can produce any statements in *Hansard* to back up what he has just said.

Mr. Chevrier: *Hansard* is replete with them.

Inquiries of the Ministry

Mr. Crestohl: Mr. Speaker, may I ask a supplementary question?

Mr. Speaker: Order. This motion is not debatable. It is a motion for an order of the house to issue in respect of certain papers. It is not debatable, and the only course is to accept or reject the motion. I am advised by the Clerk that that is the method of disposing of such a motion as this. I ask, then, whether it is the pleasure of the house to adopt the same motion.

Some hon. Members: Nay.

Some hon. Members: Yea.

Mr. Speaker: In my opinion the nays have it. I declare the motion lost.

Motion negatived.

TRADE

URANIUM—REQUEST FOR NEGOTIATIONS FOR SALE TO JAPAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he will consider initiating or pressing for the initiation of bilateral conversations with the Japanese government which would make possible the sale of Canadian uranium to that country, and thereby prevent the loss of this market to uranium producers in other countries.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I will be very happy to discuss that question with my colleague the Minister of Trade and Commerce, who is also interested.

FISHERIES

REPORTED REGULATION OF NET SIZE ON DRAGGERS

On the orders of the day:

Mr. L. R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. According to yesterday's press, regulations now make it unlawful for Canadian deep sea fishermen to carry both large and small nets on their draggers. Nets must now be one size or the other, with penalties for infringement ranging up to $1,000, or imprisonment, or both.

Will the minister advise how this regulation will be enforced upon foreign shipping fishing on Canada's banks off the east coast of Newfoundland, or does this only apply to Canadian fishing draggers?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I think it is superfluous for me to say that this government has no jurisdiction over foreign vessels fishing on the high seas. However, there is a convention among most of the countries interested in fishing in the northwest Atlantic, the international convention for the northwest Atlantic fisheries, and the countries who subscribe to it set up by mutual agreement certain regulations as to net sizes and other conservation measures. The various countries concerned take the responsibility for enforcing these regulations as far as their nationals are concerned.

I am answering this question off the cuff, and if my information is not complete, or is incorrect, I will add to the answer tomorrow.

FINANCE

LUMBER—REPRESENTATIONS AGAINST TARIFF INCREASE ON SOFTWOOD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with due decorum I wish to direct a question to the Minister of Finance. Has the minister received a protest from the British Columbia lumber manufacturers' association, supported by the British Columbia interior lumber manufacturers' association, against a recent decision of the Canadian tariff board in appeal No. 446, which results in an increase in duty on softwood lumber imported into Canada from the United States from 7½ per cent to 20 per cent?

In view of the serious repercussions this decision will have on the lumber industry in British Columbia—

Mr. Speaker: Order. The hon. member has asked his question. He is now, apparently, about to make a statement on the subject.

Mr. Herridge: I am just going to ask the question, Mr. Speaker. Will the minister consider an immediate investigation into the situation and take action in the best interests of the lumber industry and the employees concerned?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, representations, as I think they should be called rather than protests, have been received from the association with reference to this particular decision of the tariff board, and the matter is receiving very close study.

EXTERNAL AFFAIRS

ICELAND—EXTENSION OF FISHING LIMITS FOR FOREIGN TRAWLERS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Secretary of State for External Affairs. In view of the recent threat by the Danish islands in the north

Atlantic to follow the example of Iceland and extend their fishing limits to 12 miles, can the minister advise the house if the Canadian government recognizes the extension of the fishing limit to a 12-mile width of waters off their coasts, as announced by the government of Iceland?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I will accept that question as notice.

Mr. Robichaud: A supplementary question, Mr. Speaker, which the minister may also take as notice. In view of the statement made in Halifax on Sunday, June 8, by the Minister of Fisheries to the effect that Canada would try to obtain a compromise arrangement concerning the 12-mile fishing limit at the next conference on the law of the sea, can the minister advise the house if the government has altered its so-called firm stand on a 12-mile limit to a compromise position on future negotiations?

RUSSIA—OPERATION OF SHIPS OFF NEWFOUNDLAND

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Would the minister comment on the presence of Soviet ships operating off the banks of Newfoundland in a manner calculated to give rise to suspicion and anxiety on the part of the people of Newfoundland?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for giving me notice of his intention to ask this question. My colleague the Minister of National Defence has graciously undertaken to answer it.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, it has been reported to me that Soviet vessels have been operating off the Grand Banks of Newfoundland. These ships have been operating outside of Canadian territorial waters. I am sure the hon. member for Trinity-Conception noticed, as I did, the statement of the Russian minister of fisheries made in Halifax the other day to the effect that these Russian ships were carrying out scientific surveys of fish migrations in the area. I would suggest that the residents of Newfoundland should not be unduly exercised by this fishy business, as the area is patrolled by the Royal Canadian Navy and Royal Canadian Air Force.

[*Later:*]

Mr. C. W. Carter (Burin-Burgeo): May I ask a supplementary question of the Minister of National Defence arising out of the reply he gave to the hon. member for Trinity-Conception. Would the minister take steps to verify reports that these Russian trawlers operating on the banks of Newfoundland are totally blacked out at night and do not carry even the ordinary navigation lights, thereby constituting a menace to shipping operating on the banks? If the reports are verified, would he inquire as to why such a practice would be necessary for ships that are engaged merely in tracking fish migration?

Mr. Pearkes: I would be pleased to get a report on that matter.

LAOS, CAMBODIA, VIET NAM—STATEMENT ON STATUS OF CONTROL COMMISSIONS

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Essex East asked me a question concerning the status of the international commissions in Laos, Cambodia and Viet Nam. With respect to the part of the question concerning Laos, may I say that in November, 1957, an agreement was reached between the royal Laotian government and the dissident Pathet Lao. This agreement provided for integration of the Pathet Lao into the Laotian national community and also provided for supplementary elections to be held in a few months' time to give representation in the national assembly to the Pathet Lao. These elections were held on May 4, 1958.

During the past two months the royal Laotian government has twice requested the international commission to leave Laos after the May 4 elections. It expressed the view that these elections represented the final stage of the political settlement provided for in the cease-fire agreement on Laos which was signed at Geneva in 1954.

It is also the Canadian government's view that, with the achievement of a political settlement in Laos and with the fulfilment of the terms of the cease-fire agreement, the tasks of the international commission for supervision and control have come to an end. The Canadian government considers that the indefinite extension of international agencies of this kind after their tasks have been completed will tend to bring the whole concept of international supervision into disrepute.

For this general reason, and in support of a request of the royal Laotian government, the Canadian delegation to the international commission was instructed to introduce a resolution calling for the dissolution of the commission. The Indian and Polish delegations are opposed to dissolution, and as yet no final solution has been reached.

Inquiries of the Ministry

With respect to the international commission in Viet Nam, the Canadian government considers that since a political settlement has not yet been reached in that country, the commission there still has a task to perform. We are therefore anxious to continue our participation in the work of that commission and thereby contribute to the peace and stability of that area.

With respect to Cambodia, more than two years ago, as the hon. member no doubt recalls, the Canadian delegation to the commission in Cambodia tabled a resolution calling for the dissolution of that commission which, in the opinion of the Canadian government, had completed its task. However, because this resolution was not supported by the Indian and Polish delegations but particularly, I am informed, because the royal Cambodian government requested the commission to remain, no further action was taken at that time or has since been taken.

Hon. Paul Martin (Essex East): May I ask the Secretary of State for External Affairs if, in view of the situation in Cambodia which he has just described, he does not think a further attempt should be made toward the dissolution of the commission in that country? Perhaps he would be prepared to look at the matter and give us a statement later.

Mr. Smith (Hastings-Frontenac): Mr. Speaker, in reply, I should like to see the Laos situation dealt with first, but I will look into it.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—REPORTED POSSIBILITY OF IMPROVED SERVICE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Transport which perhaps could be taken as notice in his absence and answered when he returns. Has the Department of Transport received a report from Canadian Pacific Steamships relative to the operation of steamships between the mainland of British Columbia and Vancouver island to the effect that a more efficient and faster service between the two points is possible? If so, what plan does the department have for the institution of such a service?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I will take the question as notice and see that it is brought to the attention of the minister concerned.

[Mr. Smith (Hastings-Frontenac).]

LABOUR CONDITIONS

ST. JOHNS, QUE.—REPORTED CESSATION OF OPERATIONS OF SINGER SEWING MACHINE COMPANY

On the orders of the day:

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, I wish to direct a question to the Acting Minister of Labour. I regret that I did not have an opportunity to give the hon. lady notice of my intention to ask this question. Is the minister aware that the Singer Sewing Machine Company of St. Johns, Quebec, has closed down its operations, and that as a result many persons are out of work? Has she any comment to make as to the reasons for the closing down of this plant?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, that information has not come to my desk as yet, but I rather fancy that would be under provincial jurisdiction, would it not?

UNEMPLOYMENT INSURANCE

STATEMENT ON BENEFIT PAYMENT FIGURES

On the orders of the day:

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, I wish to answer a question which was asked by the hon. member for Bonavista-Twillingate on June 2, as recorded at page 725 of *Hansard*. The unemployment insurance commission has just completed a special survey made throughout Canada to obtain the number of active claimants for unemployment insurance benefits as of May 31, 1958. The total number of active claimants at that date was 550,959. Of this total there were 367,942 claimants for regular benefits and 183,017 claimants for seasonal benefits. These figures, I might add, compare with a total of 722,252 active claimants on April 30, 1958, comprising 495,382 regular benefit claimants and 226,870 seasonal benefit claimants.

The hon. member for Bonavista-Twillingate, as he will recall, asked for the number of persons receiving benefits. Because of the varying frequency of payments—some weekly, some bi-monthly and some even less frequently in more remote areas—and because of the continuing turnover of those receiving benefit, it is much more difficult to obtain an accurate estimate of those receiving benefit than of those claiming benefit. Accordingly the figures assembled cover, as I have said, the numbers actively claiming benefits as at May 31, 1958.

STATEMENT ON MONTHLY STATISTICS

On the orders of the day:

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, I would also like to

deal with the question concerning unemployment raised by the hon. member for Essex East yesterday, as recorded at page 900 of *Hansard*. The hon. member referred to the monthly labour force survey made by the dominion bureau of statistics. This survey is made regularly during the week following the middle of each month. It requires one week for enumeration and two to three weeks to process the information obtained. The results are made available in the press release on the employment situation issued jointly by the Department of Labour and the dominion bureau of statistics around the twentieth of the following month. This was the practice, I might add, which was followed by the previous government, and it is being continued.

NATIONAL DEFENCE

NORAD—U.S. LAW RESPECTING COMMAND OF NUCLEAR WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister if he would care to comment on a report from Washington which appears in the press today to the effect that United States law specifically forbids any foreigner, which includes a Canadian, to command American nuclear weapons; and that as virtually all United States squadrons are armed with nuclear-tip air to air missiles Air Marshal Slemon, deputy commander of NORAD, could exercise no authority or control over United States aircraft under that command.

Mr. Speaker: Order. I suggest that as the question appears to relate to a matter that is now under debate it could perhaps be more properly dealt with in the course of that debate.

HEALTH INSURANCE

NEWFOUNDLAND—REQUEST FOR TABLING OF AGREEMENT

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Would the minister consider tabling at an early date a copy of the agreement recently signed with the province of Newfoundland under the Hospital Insurance and Diagnostic Services Act?

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker.

Inquiries of the Ministry

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO PROGRESS OF DISCUSSIONS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I should like to direct a question either to the Prime Minister or to the Minister of Finance. Has the government now agreed to grant the Saskatchewan government a loan for the hydro power works on the South Saskatchewan river project? If not, what are the chances of the South Saskatchewan river project being started this year?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the question of finance and assistance to the province in that direction is receiving consideration. The field of divergence between this government and the government of Saskatchewan is being narrowed, and my hope certainly is that we will be able to achieve a measure of agreement in connection with the question of finance which will enable a start to be made.

AIR TRANSPORT

T.C.A.—APPLICATION FOR FIFTH FREEDOM RIGHTS IN U.S.

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport of which I have already sent notice. Perhaps the acting minister will take notice of it. Has an application been made for fifth freedom rights on behalf of Trans-Canada Air Lines at United States airports, and is the government contemplating renegotiation of the air agreement between Canada and the United States this year?

Hon. George C. Nowlan (Minister of National Revenue): I will take notice of the question, Mr. Speaker, and see that the minister is made aware of it.

HIGHWAYS

KENORA-MINAKI—INCLUSION IN ACCESS ROADS PROGRAM

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Northern Affairs and National Resources, of which I gave notice yesterday. Did the province of Ontario apply to have its road project between Kenora and Minaki recognized for a federal contribution under the access roads program to relieve winter unemployment announced by

the minister last session? If so, can the minister say why work came to a halt soon after March 31?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the road in question was part of many requests by the government of Ontario to the federal government under the roads to resources program. There has been no agreement between the province of Ontario and the federal government (a) as to the individual roads that will be part of a general agreement or (b) as to the general terms of the agreement between the two governments.

Mr. Benidickson: May I address a supplementary question. There have been some press reports concerning a new policy with respect to roads to resources. On January 7 during the last session of the house the minister asked permission to have printed as an appendix to *Hansard* his letter to the premiers—

Some hon. Members: Order.

Mr. Benidickson: —in which he made an offer with respect to access roads of a relatively smaller nature than is indicated in the press releases. Would he tell the house the new policy that has been offered to the provinces?

Mr. Hamilton (Qu'Appelle): I am very glad to be able to correct any false impression of this nature. The original offer made on January 7 is still the same. The reaction of seven provinces has been enthusiastic and completely co-operative. The negotiations that are being carried on with the government of Ontario are very active both at the ministerial level and at the official level. As a matter of fact, the very fine mining and access roads program of the Ontario government has been an inspiration, I believe, to all provinces in the matter of opening up resource areas.

I think I have caught the main points of the hon. member's question. If not, I will answer further.

HOUSE OF COMMONS

REPORTED STATEMENT RESPECTING ELECTION PROMISES

On the orders of the day:

Mr. Guy Rouleau (Dollard): I should like to direct a question to the Prime Minister. Does the Prime Minister agree with the words spoken by Professor D. W. Fox, the Ontario young Conservative, as reported in this morning's *Gazette* by Mr. Blakely, to the effect that the only thing one has to do to be elected to office is to make as many promises as one can?

Right Hon. J. G. Diefenbaker (Prime Minister): I am glad to see that my hon. friend is reading the proceedings of the young Conservative association. As an answer, I would suggest that he consult with his own leader, the Leader of the Opposition, who made many promises which did not prove as effectual as the prophecy made by the gentleman in question.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE OF NEXT MEETING

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Prime Minister a question, now that he has mentioned promises.

Mr. Speaker: Order. I think most hon. members will recognize that the last question was not one which was properly introduced. Perhaps we can offset the reply, which was in the same category, and not carry it any farther.

Mr. Martin (Essex East): This is a promise of another character. May I ask the Prime Minister if, as a result of his luncheon yesterday with the premier of Ontario, he is in a position to tell us now when the next dominion-provincial conference will take place?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to that question is simply this. I did not have luncheon yesterday with the premier of Ontario.

PUBLIC SERVICE

STATEMENT ON CIVIL SERVANTS RECEIVING SALARIES WITHOUT PERFORMING DUTIES

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): In reply to the inquiry by the hon. member for Kootenay West on Friday last concerning certain civil servants receiving their salaries without performing any duties, may I say that I was in touch with the civil service commission and was informed that the commission does not know of any such cases. I feel that the hon. member should be asked to supply the names of such civil servants and the departments in which they are employed, so that a further search can be made.

Mr. Herridge: I shall be quite willing to do so.

NATIONAL DEFENCE

NORAD—APPROVAL OF EXCHANGE OF NOTES BETWEEN CANADA AND U.S.

The house resumed, from Tuesday, June 10, consideration of the motion of Mr. Diefenbaker:

That it is expedient that the houses of parliament do approve an exchange of notes constituting an agreement between the government of Canada and the government of the United States of America concerning the organization and operation of the North American air defence command (NORAD) signed at Washington May 12, 1958, and that this house do approve the same.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, during the remainder of the time that I have available to me I shall continue to answer the various questions which were asked during the debate yesterday. The Leader of the Opposition asked for information as to the principles and procedures under which our air force will operate under this plan, that is the NORAD plan. He also asked various questions regarding the system of command.

The note on NORAD states quite clearly that the commander in chief, NORAD, will be responsible to the chiefs of staff committee of Canada and the joint chiefs of staff of the United States, who in turn are responsible to their respective governments. Then it goes on to say that he will operate within the concept of air defence approved by the appropriate authorities of the two governments, who will bear in mind the objectives for the defence of the Canadian-United States regions of NATO.

Then later in paragraph 6 it states:

The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency.

In paragraph 3 it defines "operational control". Since the Leader of the Opposition and I served during the first war this term "operational control" has been invented. It was not one we understood in those days long ago. I have therefore endeavoured, and perhaps it is wishful thinking, to put down in a very few sentences what I feel is the function of the headquarters of NORAD at Colorado Springs, both in peace and war. I hope I will not confuse the issue even further.

In peacetime the function will be to develop plans and procedures to be used in war. These plans and procedures would be agreed upon in peacetime and be ready for immediate use in an emergency. I might add that these plans are being worked out, modified and improved continuously. There is always a plan which could be put into effect, but that may only be a temporary plan awaiting further modification and ultimate approval, we hope, by the governments concerned.

These plans as submitted by the commander in chief of NORAD will be reviewed, amended and approved by the chiefs of staff of both countries. It will be a responsibility of the commander in chief of NORAD to formulate a general pattern of training and the general supervision of practice exercises in order to ensure the readiness of the forces and facilities which may be available to him in time of emergency.

In war it will be his responsibility to direct the air operations in accordance with the plans that have been agreed to in peacetime. Once the air battle is joined, NORAD will keep the subordinate commanders informed of the over-all air situation, and he will be in a position to reinforce threatened areas with any forces that might be available. He exercises that command, so far as Canada is concerned—again I have used the word "command", and I should have said operational control. He exercises that operational control through the headquarters of the air defence command of the R.C.A.F. at St. Hubert.

Perhaps a situation such as this might occur. Unidentified aircraft are located on the radar screen of the distant warning line. These aircraft are seen to be approaching Canada. It is then the responsibility of the officer commanding the air defence command of the R.C.A.F. to dispatch interceptors with the idea of identifying the planes. The radar screen, of course, could not give any definite identification. It would eventually be able to give some estimate of the number of tracks there were, or in other words the number of aircraft which were approaching Canada.

Assuming that these aircraft were a number of enemy aircraft and that they had been identified as such by the aircraft sent up by the officer commanding at St. Hubert, the officer commanding at St. Hubert would then direct interceptors to engage the enemy, once it had been established that these aircraft were of hostile intent. At the same time the information reached the officer commanding at St. Hubert the same information would have been passed to the commander in chief of NORAD. The commander in chief of NORAD might also be getting other radar recordings from other parts of the continent of North America. He would report those to the officer commanding the R.C.A.F. air defence force. If the number of hostile planes moving through Canadian air space approaching the various targets were more

numerous than could be dealt with by the squadrons of the R.C.A.F. under the command of the air defence commander at St. Hubert, the commander in chief NORAD could and would send United States air force fighter squadrons to assist the R.C.A.F. in their task of intercepting these bombers.

I see several ways in which this assistance might be given. The commander in chief NORAD might instruct the officer commanding the R.C.A.F. at St. Hubert to direct all the Canadian planes against a certain group of hostile bombers which were attacking, let us say by way of illustration those which were moving down through the Mackenzie basin. As to another group which might at the same time be attacking across Labrador, the commander in chief at Colorado Springs could say that he would look after that group with United States air force squadrons.

In such instance the R.C.A.F. commander would direct those planes which were perhaps originally going to engage the bombers over Labrador to divert and go to the Mackenzie valley. It must be remembered that from the time the interceptor takes off from its airport until it actually becomes ready for engagement, it is under constant direction from the control system of the Pinetree line which is directing that aircraft, so that it approaches and changes its route according to the changes of route taken by the hostile planes. Hence it is in constant touch with command headquarters at St. Hubert.

Another situation might be such that the commander in chief of NORAD would say to the commander of the air defence command of the R.C.A.F. that NORAD would place a certain number of specified squadrons under the operational control of the commander of the air defence command at St. Hubert. In other words he would make available to the commander of the R.C.A.F. certain United States squadrons which could be employed as and how the commander of the R.C.A.F. saw fit.

That seems to me to be the sort of control which is exercised by the NORAD commander during an engagement. It should be appreciated that the R.C.A.F. squadrons are, as it were, front line troops. They are the first which would engage any hostile bombers coming over Canadian airways, and they would be assisted by the United States air force squadrons if the task before them was greater than they were able to carry out.

Mr. Pearson: May I ask the minister a question?

Mr. Pearkes: Might I suggest that as a number of questions have been asked, I might be given an opportunity to answer the questions which were asked yesterday. Then if I have time I shall be only too pleased to endeavour to answer any others.

I do not know whether that statement has cleared up the situation but I have tried to explain it in as simple language as possible, in the way I see that operation being carried out.

Another question which was asked by the Leader of the Opposition was with regard to the effectiveness of NORAD. He asked me if I would deny certain press reports and rumours which had been spread indicating that perhaps in some quarters there was not at NORAD the degree of co-operation which is considered to be desirable.

Of course I am not in a position to report directly on the behaviour of the commanders of another country. However, I should like to report emphatically and definitely that when General Partridge was here he was loud in his praise of the ability, talents and conscientiousness of Air Marshal Slemon, who is his deputy there. Furthermore, Air Marshal Slemon spoke in enthusiastic terms with regard to the co-operation he had received from the various members of the staff at NORAD. He said that when General Partridge was away he was in supreme command, and his authority was recognized and accepted without question. He went on to say that he received full co-operation from the subordinates who would under those circumstances be under him.

I recall very clearly a remark he made. He said, "These are dedicated men who are working for the defence of the North American continent". He went on and used these particular words: "They no longer regard themselves either as Americans or Canadians, as army, air force, navy or marine officers. With that evidence I feel that it is possible for me to deny the suggestions which have been made that NORAD is not working effectively. If we have had reason to communicate with NORAD officially or with General Partridge on a more personal basis we have always received immediate and courteous replies. I have absolutely no reason to believe that NORAD is not functioning effectively.

The hon. member for Essex East asked whether it was not true that the United States will concentrate on missiles and that manned aircraft will be operated by Canadians only. Of course that is not true; the Americans are manning piloted aircraft today which, if an emergency arose, would be available to assist the Royal Canadian Air Force, and as far as I know it is the intention of the United States to continue to man piloted

interceptors for a long time to come. They are, of course, carrying out work on research and actually have in operation certain missiles which would be available in a battle for the protection of the North American continent. Canada is also carrying out investigations and is training men in the use of missiles, which perhaps in the not too distant future may be required to supplement the defence of our country.

The hon. member for Essex East next asked if it were not true that the service chiefs could pull units out of NORAD when they saw fit. Again the answer is in the negative. As will be seen in the note it says that North American air defence command will include certain combat units and individuals as are specifically allocated by the two governments. No service chief can withdraw a unit which has been definitely allocated to a certain command by a government.

The next question was whether Canada will continue to contribute its air division to NATO forces in Europe. Of course we are going to continue to have those forces in Europe, and no doubt the house will recall that when the president of the West German republic was here recently the Prime Minister gave an emphatic promise that as long as Canadian forces were required in Europe they would remain there. At page 772 of *Hansard* for June 2, 1958, the Prime Minister used the following words:

> I wish to make it clear that whatever threats may be made against those nations which believe in the mission of NATO and the necessity for its continuance, Canada will maintain forces in Europe as long as international disquiet and justifiable fears require Canadian participation.

I merely quote that as the most recent statement on this subject, and I am sure the hon. member did not really believe it was likely that the Canadian government would withdraw those troops just because we were making an even greater effort to provide for the security of this continent.

Mr. Martin (Essex East): Withdraw or reduce.

Mr. Pearkes: Withdraw or reduce.

The next point with which I would like to deal is the question of timing. Suggestions have been made in this house that we should not have acted as we did last summer with respect to this headquarters, be it of a temporary or a permanent nature; and I always understood that it would be of a temporary nature until the formal notes had established it. I did not emphasize that position at the time; perhaps I should have done, but I took it for granted that it would be considered as a temporary appointment until such time as it was confirmed in the formal note.

The question was, should we have acted then or should we have waited until the formal note had been agreed to by both governments and had been discussed here in parliament? We did gain ten months because, as experience has shown, the formal note was only recently received and has been discussed in parliament yesterday and today at really the first opportunity which has been available during this session. The note was not ready during the last session of parliament. It may be said that it should have been done more quickly, but it was not done more quickly and I do not know how it could have been done more quickly.

Should we have waited? I would like to ask hon. members to consider the situation as it was last summer. Russia had refused to accept the resolution on disarmament or the limitation of arms which had been endorsed by a very large number of the western nations. Russia had walked out of the disarmament conference, and at that time had just launched its first earth satellite. There was a good deal of concern, not only on this continent but in Europe, and there was a speeding up of defensive arrangements.

Mr. Speaker: Order. I am sorry to have to inform the minister his time has expired.

Some hon. Members: Continue.

Mr. Speaker: Does the house give unanimous consent that the hon. minister may proceed?

Some hon. Members: Agreed.

Mr. Pearkes: I shall finish in just a sentence or so, Mr. Speaker. At that time there was great concern, and the Prime Minister of the United Kingdom came out to discuss the international situation with the President of the United States and the Prime Minister of Canada. I submit that it was only prudent for this government to press on as quickly as possible, have the two commanders concerned get together, set up their staffs and bring up to date a plan for the defence of this continent. It is my opinion that it would have been unwise to have delayed longer and to have waited, in the circumstances which existed in the world a year ago, until several months later when the formal notes might have been presented.

Mr. Martin (Essex East): I think the hon. gentleman will agree there was no suggestion of that.

Mr. Pearkes: Certainly it was my understanding that the suggestion has been that we should not have moved as quickly as we did.

Mr. Martin (Essex East): No one suggested that.

Mr. Pearkes: I am positive.

Mr. Bell (Saint John-Albert): Your speech was the one that suggested it.

Mr. Pearkes: Well, I am saying that the world situation as it existed a year ago fully justified the government in taking that action, and I am delighted that we have had the benefit of ten months of very productive work at the headquarters of NORAD.

Mr. Pearson: I wonder whether before the minister takes his place he would be able to throw any light on the question I addressed to the Prime Minister on the orders of the day, regarding the inability of the Canadian deputy commander of NORAD to exercise any control or authority, operational or otherwise, over American squadrons carrying nuclear-tipped missiles?

Mr. Pearkes: I have not read the report. I have not had the opportunity of getting any advice from elsewhere, but I can only give the hon. gentleman my personal interpretation of what it might mean.

I do not regard the command of NORAD as having actual command over either United States or Canadian units. The actual exercise of executive command is carried out by subordinate commanders, the squadron leaders. My interpretation of the statement about which the Leader of the Opposition has informed the house today would be that the Americans consider that NORAD headquarters is given directional and operational control over the units of the United States air force which are commanded by American officers. I would interpret that statement as not affecting the position of Air Marshal Slemon, in that he is in the nature of being a senior officer at a very high command, and that he is giving direction to the officers in actual executive command of the various units. However, I should like to have the time to explore the situation and find out about it more definitely, because it has not been brought to my attention.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, in rising to take part in this important debate I think it is now abundantly clear that the official opposition attitude in insisting that intergovernmental agreements or treaties be brought to the house and debated was the right one, and I am glad the Prime Minister, with his ear to the ground, took notice of that attitude, reversed a previous decision and granted us this discussion.

We have had the advantage in the last day or so of getting some answers to many of our questions. I will not be so unkind as to use the words which appeared in a Canadian Press dispatch under the dateline Ottawa, May 30 to the following effect: "The flow of conflicting statements on NORAD continued unabated today". At least we have had the advantage of hearing from the Prime Minister and the Minister of National Defence, and that is all to the good.

I should like to make a few general statements and then ask what I hope will be a few pointed and intelligent questions to which I hope answers will be given in due course. It seems that in these days when new weapons and different tactics impose a reappraisal of our national defence plans there can be little argument against the contention that this country has a need for an effective defensive alliance. We can agree among ourselves that democratic governments seem to avoid making choices except when the danger is real and apparent, but the last two wars show that when survival is at stake nations, in spite of jealously guarding their sovereignty, can co-operate quickly, even though the burden may not be shared equitably by each nation. Canada is certainly one of the two NATO nations which have financed their own military needs and supplied effective aid to their NATO partners, and I say that Canada has exercised its sovereignty in a very mature way rather than surrendered it.

Canada has always been very careful to protect its independent status vis-à-vis her powerful and friendly next door neighbour to the south. In fact, to defend its sovereignty on Canadian soil Canada has been prepared to make expenditures for Canadian defence installations which it might scarcely have contemplated except for the urgent interest of the United States.

Now, what is the relative position of NORAD to NATO? Is there any legal connection between the two? The Secretary of State for External Affairs has said that NORAD is simply an extension of the NATO pact, and that parliament approved the NATO pact years ago. Is there any legal connection between the two organizations? If there is, it seems to me that any legalistic connection between NORAD and NATO was nullified about two weeks ago when the secretary general of NATO, Mr. Spaak, said at a press conference in Ottawa:

> NORAD is not a part of NATO, although we are very interested in it. It is not under the command of NATO.

And when some correspondent questioned him further on the point and asked him whether he would wish it part of NATO, he replied:

> Nobody asked for that. It is quite another question. NORAD has never been referred to or discussed in NATO.

It seems to me, to summarize the situation, that NORAD reports only to Ottawa and to Washington, and that its tie with NATO is only an undertaking to keep NATO informed.

What is the actual situation? If I am right in my interpretation it seems that NORAD, through the standing military group, advises NATO only for the purposes of planning. Operationally NORAD is under direct United States and Canadian control, and only under their control. The commander in chief, General Partridge of the United States and his deputy, Air Marshal Slemon of the R.C.A.F., report to their governments jointly. General Partridge is responsible to both governments for any major decisions.

And so I come to my first question, which is this. In the absence of General Partridge —let us suppose he should be sick—does Air Marshal Slemon report to both governments, and is he responsible for any major decisions. It this the intention of the government of Canada? The NORAD agreement places the R.C.A.F. continental defence forces under American operational command in the event of war.

I have another question. Will the United States commander of NORAD have authority to order the R.C.A.F. to shoot down planes which the commander considers hostile, without first clearing his order with the Canadian government? To my way of thinking the most important single element in NATO's defensive strength, at least until this time, undoubtedly has been the United States strategic air force. Although NATO's defence forces would be meaningless without this deterrent in the background there has been no sharing by the United States of its responsibility for or control of this key military power.

What about the question of civilian control? The Secretary of State for External Affairs says that NORAD does not deny the "primacy of civilian authority". Section 1 of the agreement states that the two governments will approve "a concept of air defence". Section 6 of the agreement states:

> The plans and procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authorities and shall be capable of rapid implementation in an emergency.

The Secretary of State for External Affairs told parliament that the two governments had approved the detailed terms of reference, and those latter words are found in section 7 of the agreement; but he went on to say that in the interests of national security he could not disclose them. Paragraph 3, if I may call it so, of the preamble which appears on page 1 of the copy of the agreement which I have refers to "a demand for rapid decision to keep pace with the speed and tempo of technological developments" and says that, "to achieve effectiveness, defensive operations must commence as early as possible and enemy forces must be kept constantly engaged". I suppose the idea is to stop an enemy in the far north if that be possible.

The question that comes to my mind is this. In the event of attack would there be time for consultation before countermeasures were taken? Another question is, has General Partridge been given authority to shoot first and ask permission later from Washington and Ottawa? If so, where is this shown in the agreement?

According to the remarks made by the Minister of National Defence last evening no squadrons have yet been assigned or committed to NORAD; and I ask the question, if the agreement is to have any value, why not? Is the government holding back until parliament has approved this agreement? After all, up until a week ago the government had no intention of submitting the agreement to this house for discussion. Why is this? How can NORAD be effective without our participation? What is the purpose of this agreement if we do not participate?

When General Partridge, the commander in chief of NORAD, was in Ottawa some ten days ago no opportunity was given hon. members to hear his views in a closed session. When General Montgomery, General Norstad and General Gruenther came to Ottawa this opportunity was provided. Why the mystery? Why was no opportunity given hon. members to hear the views of General Partridge?

I think it is obvious that air defence for North America must be provided by the United States air force and the Royal Canadian Air Force, and not by NATO. It is quite understandable that the United States wants to keep NORAD outside the authority of NATO in the interests of military efficiency, rapid decision and speed of implementation. The government might consider sacrifices of national sovereignty for NATO's sake because Canada believes in collective security with several other nations such as those in NATO, but the government should carefully consider the surrender of any sovereignty in a two-way partnership with the United States. There is a great difference in power between the two countries, and this might in turn react to Canada's disadvantage in arriving at a joint NORAD decision.

I would like to know how much authority the Canadian government has conceded to the

United States commander of NORAD. Speaking in the House of Commons on May 19 the Secretary of State for External Affairs said that the interests of national security prevented him revealing the terms of reference for General Partridge on which Ottawa and Washington had agreed. It might be better if these terms of reference were made public. I do not imagine they would startle the mentality of any enemy general considering what we may say in this debate, and it might be a good thing for Canadians to know where we stand in the whole picture of NORAD.

The question of sovereignty is important because it touches on our feelings as a developing nation. We have not had full sovereignty for so long that we can afford to give it away in bits and pieces. While the military realities are such that we depend on the United States, this should not obscure the fact that the forms of sovereignty need to be observed if we care to respect our own feelings of nationhood. We have new air problems with the United States, and it is important for us to again assert our sovereignty over the air, the water and the Arctic. In my opinion the Prime Minister should clarify that NORAD is a defensive and not an offensive mechanism.

Another important question I wish to ask is this. Can an armed United States bomber fly in Canadian air space on the way to the Soviet frontier without our specific consent? If the answer is yes then there must be an agreement with the United States, because NORAD does not cover this eventuality.

Basically speaking, political sovereignty today almost appears to be what the great powers tolerate. It is one thing to be part of a group of nations for the purpose of collective security and defence, and indeed we are happy to be part of NATO; but it is quite a different thing to enter into a bilateral agreement with our neighbour to the south in which we are only a junior partner. Although the United States is bound as the strong force to direct operations, the facts remain that Canada occupies the northern part of the North American continent, that Canada is now sandwiched in between two great powers, Russia and the United States, and that there is a possibility of our country becoming a second Belgium. Being in possession of our sovereignty we are the people with the say-so about our own territory. The United States would not tolerate any invasion of their sovereignty by us, and I think it is important that Washington remember that on the northern part of this continent it is a matter of Canadian sovereignty.

Actually it is extremely important for us to examine and demand the reasons for this

[Mr. Macnaughton.]

joint NORAD policy. If I may say so, it would be very good for the people of the United States, too. We should see to it that the plans of both countries are reasonable. We have a contribution to make in that respect. Ultimately the larger burden of defence is on the United States, but we as Canadians have the right to expect that our views will be listened to concerning the risks the United States runs in the name of defence, for those risks may become our liabilities.

Mr. Frank Howard (Skeena): Mr. Speaker, in rising to participate in this debate I should like first of all to make a comment or two on an interjection made yesterday by the hon. member for Rosedale (Mr. Walker) as shown on page 1022 of *Hansard*. In order to be correct I will read what he said in commenting upon the remarks of the hon. member for Kootenay West (Mr. Herridge). He used these words:

> —I do not mind his reading his speech, but when he reads a speech by the C.C.F. ghost writer, David Lewis, that is another question. And I see it is going to come in instalments. The other speakers are going to give David Lewis part two—

At that point apparently he was interrupted by the hon. member for Kootenay West.

An hon. Member: He meant Russ Bell.

Mr. Howard: I am not sure what he meant but that is what he said. If hon. members on the other side say things they do not mean, it is far beyond my ability to deal with them. Whether he meant Russ Bell or David Lewis is immaterial. Contrary to what he may be accustomed to in the Conservative party, we in the C.C.F. do not employ other people to write our speeches. He may consider that the reading of written speeches is a communicable disease but those of us over here have been inoculated with a vaccine of intelligence and hard work. Consequently every C.C.F. member who rises to speak in the house presents his own arguments as prepared by himself. We not only prepare our own speeches but we do not act like we are reading the script of a radio opera when we present them to the house. When we make our speeches we deliver them as well as we possibly can without sticking too closely to notes. I thought for a minute you were going to interrupt, Mr. Speaker.

The Acting Speaker (Mr. Rea): I was going to interrupt the hon. member and say that we are not discussing the method of giving speeches but the motion that is before the house.

Mr. Howard: I appreciate that, Mr. Speaker, and I thank you for your remarks but inasmuch as what I said was related to the debate I thought I would prepare the way by

saying that neither David Lewis nor Russ Bell had anything to do with the preparation of this speech. However, I will say that I got a great deal of help in preparing my remarks, and whenever that happens I always give due credit to the individual or individuals who have assisted me. I am honest enough to admit it.

We are thankful for the opportunity to participate in a debate of this nature for the purpose of attempting to understand the implications and obligations of NORAD. In the discussions that have taken place in the house and outside it prior to this motion being presented it has been evident that there was a great deal of conflict in the minds of hon. members, newspaper men and the general public. There was a general state of confusion and bewilderment as to just what NORAD meant and how it would apply. There was no genuinely concrete understanding of NORAD, and the Prime Minister (Mr. Diefenbaker), the Minister of National Defence (Mr. Pearkes) and the Secretary of State for External Affairs (Mr. Smith) have at one time or another participated in contributing to the confusion that existed prior to the motion being presented.

We hoped that when the mover of the motion introduced it there would be some elucidation with respect to NORAD. We hope that if other government speakers participate in the debate there will be further elucidation on their part as to what NORAD means. I must say, however, that I was disappointed with the Prime Minister's remarks. The understanding we have now is not much better than we had before. I hope that this situation will be cleared up later in the debate. So far we have seen the understanding of NORAD degenerate from a paradoxical perplexity to a state of deliberate and apparently organized confusion. In my opinion the Prime Minister, with all the legalistic training he has at his command, did nothing but bewilder the house by attempting to stretch the NATO agreement to justify some previous statements. I do not intend to deal with that because I think that the Leader of the Opposition (Mr. Pearson), even though he does not have NORAD or SAC under his command, did quite an effective job in shooting the Prime Minister down in flames so far as this matter is concerned.

I come to something now that has been prepared for me by somebody else. I must confess I could not have prepared it myself because it is too contradictory. The ghost writers here are the Prime Minister and the Minister of National Defence and evidence of their kindness towards me can be found in *Hansard* of yesterday. I should like to make reference first to what is known as the plan of NORAD. On page 995 of *Hansard* for yesterday we find the Prime Minister had this to say:

> When you look at the plan, and when you see it again in detail in this report to which I have made reference, namely, the North Atlantic Treaty Organization, 1957, you realize how difficult it is to understand why there should be so much said about a matter such as this.

On the same page he went on to say:

> —this agreement represents the culmination of negotiations carried on by the previous government.

The reference to culmination would indicate that this is the highest point to which these discussions led and that the agreement tabled by the Secretary of State for External Affairs is it. It can go no farther. It is all inclusive and all we have to do is look at it and we will understand completely what NORAD means. With reference to the action of the government shortly after taking office the Prime Minister went on to say, as found on page 995:

> When we took office the government came to the conclusion that this integration of operational control of our air defence was important and should no longer be delayed, and authorized the establishment of the joint NORAD headquarters on a provisional basis pending the working out of some detailed minor terms of agreement between our governments.

Obviously the agreement that has been tabled represents the detailed minor terms of agreement to which the Prime Minister made reference, the implication being that there are many more things to come, and in the light of what we have heard so far from the government benches there certainly is, in our opinion, quite a bit more to come. The Minister of National Defence also made some reference to this plan at page 1028 of *Hansard* for June 10, 1958. Apparently this was in answer to a question by the Leader of the Opposition:

> The Leader of the Opposition (Mr. Pearson) asked whether there was a master plan drawn up during the two days when General Partridge was visiting Canada. Plans for the defence of this country—complicated plans such as those which must be eventually completed—cannot be drawn up in a few hours. I explained that they were preliminary discussions leading up to a plan which is continually being evolved.

We have the Prime Minister saying there is a plan. Then, we have him saying, no, there is no plan; these are just some minor details of the agreement. The Minister of National Defence said at one stage that there were a number of plans, and then said, no, there was not. He said we are still consulting about it and eventually we hope to have some sort of a plan. I do not know whether or not there is a plan, and I am sure many hon. members on the government benches are not too sure just where we stand on this

particular issue. We would be in a much better position if the statements emanating from the government benches were consistent and not contradictory. We would have an idea of just where we are going on this particular item.

There is another reference to this plan that I should like to quote. At page 1029 of *Hansard,* the Minister of National Defence is apparently referring to a question by the hon. member for Essex East (Mr. Martin), and said:

> The hon. member who has just sat down wanted to know why we did not bring this note before the house last October. He gave the answer himself—the note had not been completed, it had not been worked out, and what is the use of bringing a half-baked scheme before parliament and taking up the time of the house before it is completed?

Apparently the reference was to some half-baked scheme the Liberal party had in mind but which had not reached a state of culmination yet, as the Prime Minister put it. If what we have before us is anything more than a half-baked scheme, then I do not know what it is. It is not only half-baked, it is still in the raw state. We are being asked to swallow this concoction without any idea what it is. We have the Prime Minister substantiating our claim it is a half-baked scheme, as the Minister of National Defence indicated to us it was.

Mr. Pallett: Certainly, the hon. member would recognize one.

Mr. Howard: I do not mind the interruptions if they are made loudly enough for us to hear.

Mr. Pallett: I merely submitted to the hon. member that he would be able to recognize any sort of half-baked scheme.

The Acting Speaker (Mr. Rea): If the hon. member is asking a question he should ask the hon. member who has the floor whether or not he will accept the question.

Mr. Howard: At page 993 of *Hansard,* near the bottom of the page, we have the Prime Minister admitting that this document which was tabled by the Secretary of State for External Affairs is nothing more than a half-baked scheme because he said:

> Indeed, on March 11, 1957, 40 copies of a submission to the cabinet committee on defence were approved by the Minister of National Defence and forwarded to the secretary of the cabinet defence committee for inclusion on the agenda of the meeting of that committee to be held on Friday, March 15. No action was taken thereon. The agreement into which we have entered represents, in almost complete measure—when I say almost complete measure there are slight deviations in terminology and in routine matters—that which had been, to all intents and purposes, agreed upon by the former minister of national defence on behalf of the then government.

In March, 1957, this half-baked scheme had been prepared. There was a slight change in terminology, and then that self-same half-baked scheme is presented to this house for acceptance.

Let us get back to NORAD and NATO.

An hon. Member: Yes.

Mr. Howard: Yes, you would like to do that I am sure.

An hon. Member: You wrote that part yourself.

Mr. Howard: My hearing aid must be turned down because I cannot hear these interruptions. If it is the intention of the government to have this half-baked scheme as part of NATO, which apparently they indicate is desirable, but other than in the straight reportorial fashion that NORAD reports to NATO—I do not know in what fashion they do that—then, we are going to give you every opportunity to make such an arrangement. Instead of the government asking us to buy a pig in a poke, which is what they are doing at the moment, we hope the government will exhibit sincerity—not that they have not done so in the past—by indicating support for the following amendment:

> That the motion be amended by adding thereto the following words:
>
> And in the opinion of this house consideration of the interests of collective security and the principles of the United Nations make it advisable for the government to give consideration to the taking of such steps as are necessary to integrate these agreements within the structure of NATO.

The Acting Speaker (Mr. Rea): I do not believe this amendment is relative, but I should like permission of the house to leave that decision for Mr. Speaker.

Mr. Howard: Yes, that is agreed. I have completed my remarks.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I have no intention of traversing the ground that was covered so completely and, may I say, so clearly by the Prime Minister (Mr. Diefenbaker) with respect to the question of the relationship of NORAD to NATO. I made a statement in this house on May 19 to the effect that I consider NORAD an amplification of and extension under NATO. I must say very faithfully that nothing I have heard in this debate has changed my mind with respect to the validity of that statement.

I must say very frankly that I was surprised, and indeed astonished, by the observations made in the debate last evening by the Leader of the Opposition (Mr. Pearson) when he brought into this house the name of Mr. Spaak. I regret very much that the name of

this distinguished leader of the west, the secretary general of NATO, has been brought into this political debate. Wherein did the surprise and astonishment that I experienced arise? The Leader of the Opposition read from what he told us was a transcript taken from a tape recording of the press conference that Mr. Spaak held when he was here. The extract taken from that press conference and the observations of Mr. Spaak read as follows:

Q. Mr. Spaak, you said just now that NATO was—

I cannot make out the word.

—looking with interest at NORAD. Do you consider NORAD part of NATO?

A. No, it is not under the command of NATO.

Speaking for myself, as that was uttered by the Leader of the Opposition I was left with the impression that Mr. Spaak had said it was not part of NATO; but if you read as is printed in *Hansard* these words, "No, it is not under the command of NATO", that is something different from the impression that was left. Some of us did not have the opportunity to see the manuscript to which the Leader of the Opposition referred.

But now that the name of Mr. Spaak has been brought into this debate, I can say that he himself personally told me that he got rather mixed up in the press interview. He did make at least two subsequent statements that qualified the impression that was made in the press conference. I am confident that the Leader of the Opposition must have known of the qualification. I could refer to a meeting we both attended. Although Mr. Spaak made the qualification in French, I am sure the French of the Leader of the Opposition is better than mine but I understood that he was qualifying his statement on that particular occasion. But I go to the public press. I am reading an excerpt from a clipping from the Halifax *Chronicle Herald* that appeared on June 4. Mr. Spaak is quoted and the remarks are in quotation marks:

NORAD is not the direct concern of the NATO authorities in Paris as SACEUR, SACLANT and the Channel command are—

This government has never claimed that NORAD was a command of NATO. We agree with that statement. But then he goes on to say this:

—but the military plans of NORAD are known to the standing group and the military committee—

The two committees senior to NORAD under NATO, under the NATO council.

—through the Canada-U.S. regional planning group and studied there—

The Canada-United States regional planning group is an integral—as I said on May 19 in this house—or an integrated organization within NATO. It is organic and it has definite responsibilities under the NATO general organization. But I repeat that part again:

—but the military plans of NORAD are known to the standing group and the military committee through the Canada-U.S. regional planning group and studied there—

It is not just have been informed; not just have been reported—comments were made in the house on the word "informed"—they are studied there.

—thus supplying a base for co-ordination between the plans made by the supreme commanders directly under the standing group and the plans of NORAD.

Mr. Speaker, if they are studied in the standing group and they do not seem to fit into the general over-all defence plans and defensive plans, retaliatory plans of NATO, then there will be discussion of them with the members of the Canada-United States regional planning group. It is in this context therefore that NORAD's role in the general framework of the over-all defence of the North Atlantic treaty area can be justified. This particular group, the Canada-United States regional planning group, is made up of the chiefs of staff of the United States and the chiefs of staff of Canada or, to give them their technical titles or designations, the chiefs of staff committee of Canada and the joint chiefs of staff of the United States. That personnel is identical with the personnel of the group also mentioned in the note, the group to whose component parts the commander in chief of NORAD is responsible. Last evening the Leader of the Opposition stated that the commander in chief of NORAD would have a dual responsibility. I do not think of it in that way. He will be responsible to the joint chiefs of staff of the United States and, not or,—studying together, working together—the chiefs of staff committee of Canada.

I come back to this point that was referred to by the last speaker who said that he would like to be satisfied about political control. I am not going to repeat what I said in the house on May 19 when I traced the political responsibility of the commander in chief of NORAD. He reports to this joint group, the same personnel who are on this planning group, an organic part of NATO. Then they are responsible to their two governments. They must review such proposals and the governments will be bound to accept, and of course accept readily, the responsibility of examining the proposals that are put up to them coupled with recommendations and confirmation that those are militarily acceptable proposals. There is a line of political responsibility. Also the terms of

reference which are mentioned in the note must be prepared with the concurrence of the governments. Also with respect to the plans or procedures—and those are strictly military, I am informed; I have not seen them—they must be acceptable to the national authorities.

The question with respect to sovereignty was raised this afternoon. I put the matter this way, Mr. Speaker. It is very simple. If I enter into a contract with, let us say, the hon. member for Essex East (Mr. Martin), in so far as I restrict or limit my course of action to any particular degree, I am bound. If that is said to be loss of personal freedom, I would dispute that contention. I go to other treaties; I mention other treaties. I mention entering into a treaty involving abrogation or even surrender of sovereignty. I go to the North Atlantic Treaty which was approved, as we have been told on several occasions, in this house. I might be able to accept the proposition that there has perhaps been a temporary delegation of sovereignty. If that could be validated, then I would say it is undoubtedly justified, having regard to the military danger in which we find ourselves.

In his speech last night reference was made by the Leader of the Opposition to the question of consultation. He remarked that he was very happy to note that continuous consultation should take place. This was emphasized in the note between Canada and the United States. Over the years there has been set up machinery and procedures for consultation. The Leader of the Opposition would well know of the accuracy of that particular observation on my part. I agree with what has been said here that the establishment of NATO makes political consultation between the two countries much more necessary. And that is why we were happy in our negotations with the state department to find that they were eager—not only willing, but eager—to emphasize this point and this is evidence of continued and full co-operation. The emphasis is to be found in these words contained in the note as follows:

> The two governments consider that the establishment of integrated air defence arrangements of the nature described increases the importance of the fullest possible consultation between the two governments on all matters affecting the joint defence of North America, and that defence co-operation between them can be worked out on a mutually satisfactory basis only if such consultation is regularly and consistently undertaken.

I would say, however, that we do not propose to set up new machinery merely for the sake of doing so, but that if we find our present machinery—and I think now of the joint defence board and other organizations in addition to our normal diplomatic communications—is not sufficient to provide the proper machinery for consultation, then we will endeavour to improve what we have or will even look at the possibility of making changes.

Let me assure the house, as I did on May 19 last, that in both Ottawa and Washington there exists determination to ensure that such consultation will be carried out and that the procedures and methods of integration between our two countries, not only in respect of NORAD but also in respect of other facets of continental military defence, will be fully and frankly discussed.

This afternoon a question was raised with respect to the powers and responsibilities of the deputy commander in chief of NORAD. I have consulted with my colleague, the Minister of National Defence (Mr. Pearkes), and he confirms the information I am about to give. I do think, incidentally, that this information is quite clear in the note; in the absence of the commander in chief the deputy commander will assume his powers and his responsibilities. It is stated very clearly in the note that in the absence of the commander in chief, NORAD, command passes to the deputy commander, and there are no reservations in this very positive and categorical statement.

As the Minister of National Defence indicated last night, the commander in chief, NORAD, has been away on many occasions and the minister stated today that the deputy commander, Air Vice Marshal Slemon, has been recognized by his colleagues as full commander on such occasions. The hon. member for Essex East (Mr. Martin) last evening indicated that in his view NORAD really is not an agreement at all, and I would like to quote briefly from page 1027 of *Hansard* for June 10, as follows:

> The agreement is not an elaborate one; in fact it is not an agreement at all. The material before us does not represent an agreement, it represents an agreement to agree on something. It is no more than that.

In reply to that, I would say to this house that all one has to do is to read carefully the articles to be found on pages 3 and 4 of the note. I am not going to examine the details at this moment and thereby take up the time of the house but I would just mention that in articles 1, 2, 4, 5 and 6 we find the word "will" and we find the word "must", which is even stronger when used in that context.

I was very interested in the remarks of the hon. member for Essex East last evening and at that time I had on my desk a copy of the North Atlantic treaty. Here is the article which provides for the machinery for defence

under NATO, and I am referring to page 13, including even the Canadian-United States regional planning group. Article 3 states as follows:

> In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

There is nothing there about SACLANT or committees or SACEUR or anything else, and indeed the note which has been presented to the house is much more specific and sets out much more detail than the proposals outlined in the North Atlantic treaty.

I would like to conclude by reminding the house that having regard to the organic nature of the Canadian-United States regional planning group and, with the same personnel as the joint chiefs of staff to whom the commander in chief of NORAD is responsible, I believe we can say that this is an amplification and an extension of NATO. I would like to express the hope that we will have a unanimous endorsation of this proposal by this house. The proposal embodied in the note provides for the effective defence of Canada under a single command which, it has been demonstrated to us by our military advisers, is much more effective as a means to meet the needs of the day and the possible dangers with which we may be faced where immediate action within minutes or even seconds, is of the utmost importance. The proposal also provides for the more effective co-ordination of the two air forces than had been possible up to August 1, 1957. I would also remind the house that the military authority under this proposal is subject to civilian control and that NORAD is part of the defences of which we find the apex in the strategic force and, in NATO, the defence of the west against possible nuclear war.

Mr. Harold E. Winch (Vancouver East): And that, Mr. Speaker, is the speech of the Secretary of State for External Affairs (Mr. Smith), on perhaps one of the most important issues ever to come before this House of Commons. Here we have a treaty between Canada and the United States—a solitary foreign power—dealing fundamentally with the defence of Canada in the event of aggression and the placement of a major part of our armed forces under the ultimate control of that foreign power. And that is the speech of the Secretary of State for External Affairs on this subject. It is almost inconceivable that that is all the Secretary of State for External Affairs has to tell this House of Commons.

Priority was given to trying to explain away a very definite statement made by Mr. Spaak. It was not quite fair in my estimation, at least, for the hon. gentleman, perhaps not intentionally, to cast a slur upon hon. members who may have quoted that esteemed authority. It is only correct that they should have quoted him, because, after all, he is the secretary general of NATO and perhaps the highest authority who could be quoted in the circumstances with respect to a treaty which, the government maintains, is an integral part of NATO itself.

I was most interested to read back on May 20 in various newspapers across the country a statement by a Canadian Press staff writer to the effect that the Canada-United States agreement on the air defence of North America must rank as one of the fuzziest international documents of recent times. That certainly was my impression at the time, and I know that everyone in this chamber had a heartfelt hope that when this matter finally came up for discussion the fuzziness would be cleared away and that a plain explanation would be given with regard to this treaty and the principles of its application.

Mr. Speaker, one can only speak for oneself, but I wish to state that in my estimation the entire situation still seems to be in a welter of confusion and contradiction; even the statements made by hon. members on the government side during this debate have done nothing to clear up the discrepancies. I cannot reconcile the statements made in the past by the Prime Minister (Mr. Diefenbaker) and by the Minister of National Defence (Mr. Pearkes). They have not yet been explained. Government speakers have been endeavouring to argue—or make it clear as far as they can, I suppose—that NORAD is an emanation of NATO and that political approval of NORAD therefore flows directly from approval of NATO. The Prime Minister had this to say on December 21, as reported page 2721 of *Hansard:*

> I want to re-emphasize what I pointed out there, and it was accepted as a fact, that these integrated forces are an integral part of the NATO military structure in the Canada-United States region.

It was not so many days after the Prime Minister made that statement that the Leader of the Opposition (Mr. Pearson), on January 4, asked a question of the Minister of National Defence which is to be found on page 2865 of *Hansard* of that date. He asked a question as follows:

> Is it the intention of the government, when agreement has been reached with the United States on the political arrangements covering the defence organization, to submit that political agreement to the NATO council for discussion with the NATO partners in the hope, perhaps, that an agreement of this kind can be made an integral part of the NATO organization?

To that question the Minister of National Defence made the reply to be found on page 2866 of *Hansard*, and he said:

> That matter would, of course, have to be discussed with the United States. I cannot make any firm commitment. I can only express a personal opinion which it would not be wise for me to express here. It would have to be discussed, as the hon. gentleman knows, with the United States.

So, Mr. Speaker, here we have the Prime Minister stating that NORAD was an integral part of NATO, and then we have the Minister of National Defence saying he could not say whether it was or not without discussing it with the United States. That contradiction has not yet been cleared up, either yesterday or today. As a matter of fact, the only definite statement we have on the subject whatsoever—and I say this though it may hurt the feelings of the Secretary of State for External Affairs—is the clear-cut statement made by Mr. Spaak as quoted verbatim by the Leader of the Opposition last evening.

Now, let us turn directly to the formal notes with which we are actually dealing. What does this document say?

It says this:

> In view of the foregoing considerations and on the basis of the experience gained in the operation on an interim basis of the North American air defence command, my government proposes that the following principles should govern the future organization and operation of the North American air defence command.
>
> (1) The commander-in-chief NORAD will be responsible to the chiefs of staff committee of Canada and the joint chiefs of staff of the United States, who in turn are responsible to their respective governments.

Where is NATO there? NATO is just not there at all. The formal note continues and says, in paragraph 2:

> The North American air defence command will include such combat units and individuals as are specifically allocated to it by the two governments.

Let us review that very briefly: "In view of the foregoing considerations and on the basis of the experience gained in the operation of the North American air defence command" I would have thought that the Minister of National Defence or, at least, the Prime Minister, would have told us just what experience was gained in the operation on an interim basis of the North American air defence command, because we were told last night at about a quarter to ten by the Minister of National Defence that no Canadian squadrons have yet been allocated to NORAD, and I have yet to read anywhere that the United States has allocated any to NORAD either. It would be interesting to know that too. But on the basis of what we do know with regard to our own country, namely that no squadrons have been allocated to NORAD, just what is the experience that has been gained in the operation which has convinced the government that there should now be this Canada-United States agreement as has been outlined and as is now before us for consideration?

I say, "for consideration" and not for ratification because there is already a signed treaty in existence between the two governments. This brings to mind another point which I think is worthy of the utmost consideration, and that is that a treaty between Canada and the United States of this nature is most certainly a matter of external relations and is, surely, just the type of subject which we have established a standing committee on external affairs to consider. I am amazed that on a foreign relations question of this importance and nature action of this sort should not have been taken. As I have said, on the basis of the exchange as outlined in the formal notes I can find nothing which would constitute NORAD as an integral part of NATO.

I was interested when the Secretary of State for External Affairs just a few moments ago stood in his place holding in his hand a little blue booklet called "North Atlantic Treaty Organization". I presume it is exactly the same one I have, published in Paris in 1957 by the North Atlantic Treaty Organization under the authority of the information division. The Secretary of State for External Affairs referred to one page of that booklet and said that there was to be found conclusive evidence of our tie-in with NATO. It does not do any such thing.

Mr. Smith (Hastings-Frontenac): I rise on a point of order, Mr. Speaker. I never used that document for that purpose.

Mr. Winch: It certainly sounded that way. Far be it from me to question what the minister intended to convey. I would like to draw to the attention of hon. members of this house and particularly the Secretary of State for External Affairs just what is the meaning and position of NATO and for that purpose I am going to quote from page 5 of this booklet under a section headed, "Why the Treaty was Signed". It states:

> The North Atlantic Treaty, signed in Washington on 4 April, 1949, arose from a community of interest long visible in the history of the west, but never before given such clear recognition and expression in time of peace. Today, the North Atlantic no longer represents a vast barrier separating two continents, but the inland sea of a closely-linked community. Its seaways and adjoining waters serve a group of nations which have been nurtured in common traditions and which share a common respect for the rule of law, and individual liberty . . .
>
> Now, for the first time, they pooled their resources for collective defence before aggression started, in the hope and conviction that in this way they would preserve peace.

May I interject at this point to explain what the words "pooled their resources for collective defence" mean to this group. Hon. members of this party over the years have emphasized the need for collective security and collective defence and at all times supported measures calling for these things but when we use the word "collective" that is exactly what we mean, the pooling in one collective security organization and not individual nations entering into collective security agreements when they choose and remaining outside when they wish to do so. We believe in true collective security. I continue quoting from page 5:

> The treaty could not have come into existence without a major change in the policies of some of its signatories, and yet it was signed by 12 widely spread nations, varying in size and importance from the United States to Luxembourg and representing two continents. North America was represented by the United States and Canada.

In what way do the United States and Canada tie in? We can find that too, because on page 21 we read:

> The council then proceeded to establish a defence committee, composed ordinarily of defence ministers, and charged with the task of drawing up unified defence plans for the north Atlantic area. It suggested specifically that the military part of the organization should include a military committee and certain regional planning groups.

May I emphasize the following comment:

> The regional planning groups were instructed 'to develop and recommend to the military committee, through the standing group, plans for the defence of the region".

In that same paragraph of the booklet Canada and the United States are indicated as one region and as such they were instructed to develop and recommend to the military committee through the standing group plans for the defence of the region. On page 47 of the report under the heading "Canada-United States Regional Planning Group" we read:

> This planning group, which covers the North American area, develops and recommends to the military committee, through the standing group, plans for the defence of the Canada-United States region.

Throughout this entire official document of NATO it is understood that Canada and the United States as a regional planning group are to develop and recommend to the military committee of NATO the over-all defence plans and according to my interpretation NATO exercises supreme authority.

On the last page of this booklet there appears a graph which shows the chain of command from the supreme allied commander Atlantic right down through to our own air force and navy on the Atlantic coast. It is a graph very much different from the one supplied to the hon. members of the estimates committee yesterday by the Minister of National Defence.

As I said, we in this group have always supported to the fullest extent the concept of collective security and collective defence but we are still in the dark as to the direct relationship in conformity with NATO that exists as a result of the introduction of the NORAD treaty agreement with the United States. We strongly feel we have not been given the information which as members of the House of Commons we are entitled to receive which would give us a satisfactory understanding of the situation. There is still too much confusion and contradiction. I have already mentioned one example of the squadron control.

I suppose we cannot challenge the statement of the Minister of National Defence to the effect that the strategic air command planes of the United States air force do not fly over or from Canada and yet on the same day that statement was made the Prime Minister announced that permission had now been granted for the establishment of tanker refuelling stations in Canada. There may be a logical explanation but we have not heard it yet as to why the United States should want to establish tanker refuelling stations in Canada if United States planes are not flying over or from Canada.

There are many questions which have not been satisfactorily answered. Several contradictions have not been reconciled. The confusion has not been cleared away. I do not think hon. members of this house should be expected to reach a decision on this matter until such time as the confusion has been eliminated and the conflicting statements of ministers of the present government have been reconciled and until we have been taken into the confidence of the government as completely as possible within security provisions to enable us to appreciate the necessity for this action and be convinced that this is a direct part of the NATO command.

Mr. Speaker: May I take this opportunity to deal with the amendment which was moved by the hon. member for Skeena (Mr. Howard) and seconded by the hon. member for Timmins (Mr. Martin) while the Acting Speaker (Mr. Rea) was in the chair. The Acting Speaker expressed the view that the amendment was probably irrelevant but reserved decision. I concur in the view he tentatively expressed as to the irrelevance of the proposed motion which I think is apparent from a consideration of the motion itself which calls for two things; first, that it is expedient that the houses of parliament do approve the agreement and, second, that this house do approve the agreement. That is all that the motion puts forward. In effect, if the motion is affirmed it will approve the agreement and

if it is negatived it will disapprove the agreement. If the amendment has the effect of denying the motion it is unnecessary and irrelevant because those members who wish to disapprove the agreement have only to vote against the motion as it stands.

If the amendment adds something to the motion in a positive way it is a declaration of principle in these terms, that it is advisable for the government to give consideration to the taking of such steps as are necessary to integrate these agreements within the structure of NATO. Assuming that the amendment and the motion were accepted you would have the agreement approved but you would have added to it a declaration of this independent principle which is not related to the motion nor is it necessary for the decision of the motion in question.

That view is reinforced by a consideration of the limited number of cases where it is possible to introduce a principle by way of an amendment. There are only three or four cases. A very similar matter was considered by the Speaker in 1932 as set out on page 48 of the *Journals* of the house for October 20, 1932. If I may, I should like to read the relevant portions to indicate the limitations that all members are under in an attempt to add a principle to a motion of this kind. The Speaker of that time said:

There is no doubt in my mind that under standing order 48—

Which is now 44.

—this motion can be amended. The original motion before the house approves the trade agreement entered into at Ottawa 20th August, 1932, between representatives of the government of **Canada and of the government of the United Kingdom. The amendment proposed both approves and disapproves of the agreement. It is out of order for the following reasons.**

Then the Speaker deals with paragraphs 1, 2 and 3 of the proposed amendment which I do not need to cite and goes on to deal with paragraphs 4 and 5 about which he says:

Paragraphs 4 and 5 affirm general principles which cannot be moved as amendments to motions of this sort but which could be moved on other occasions.

For example, a motion clearly could be brought forward for the purposes of this amendment but it would have to be on notice and as an independent motion. I continue with the quotation:

May, Bourinot and Redlich indicate that the only motions upon which amendments declaratory of principle may be moved are motions for an address in reply to the speech from the throne, motions to go into committee of ways and means and supply and for the second reading of public **bills.**

Then he cites the references in these three authorities. On these grounds I must declare the amendment to be out of order.

[Mr. Speaker.]

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, the motion now before the house reads as follows:

That it is expedient that the houses of parliament do approve an exchange of notes constituting an agreement between the government of Canada and the government of the United States of America concerning the organization and operation of the North American air defence command (NORAD) signed at Washington May 12, 1958, and that this house do approve the same.

In moving this resolution, the Prime Minister forces us to approve of principles which we have long recognized as necessary for the defence of our country and that of North America.

On the other hand, so many objections were raised by the various speakers in this debate, that we are wondering whether, in fact, it is fair to ask parliament to approve of an agreement so lacking in clarity as that which was signed on May 12 by the Canadian Ambassador, Mr. Robertson, and by the Hon. John Foster Dulles, Secretary of State for the United States.

However, this discussion will have enabled us to see a second side to the Prime Minister of Canada whom we have heard in the past invariably advocate, in grandiloquent statements, respect for the rights of parliament and rebuke the government of the day, in and out of season, for not respecting the rights of parliament and of hon. members. If he has come forward with this resolution at this time, it is not however of his own volition, but because he was forced into it by repeated demands of the opposition which required that this matter be submitted to parliamentary approval. We know also that since last October, the Liberal party and the C.C.F. had requested that the government acquaint the house with the discussions which were taking place regarding North American defence. This request was always refused on the ground that the agreement had not proceeded far enough as yet. Moreover the Minister of National Defence (Mr. Pearkes) had said: "How can this matter be brought before the house when there is nothing final or complete about it?"

Nevertheless, this year when the Secretary of State for External Affairs (Mr. Smith) spoke about the agreement he did state categorically, at least originally, that in his opinion NORAD was an integral part of NATO and that, therefore, there seemed to be no necessity to have it discussed by parliament since it was merely an extension of something which had already been accepted and existed at that time. The Leader of the Opposition, and several other opposition mem-

bers, rose to insist on an opportunity being offered hon. members to discuss this agreement signed on May 12 in Washington. It was only as a result of that insistence that the Prime Minister rose to say that we were to be given the opportunity of discussing it, and that we were to have before us a resolution which would provide for a complete and useful discussion.

At the time we began to study this resolution, we already knew that there was a great deal of confusion about it. Yet, with each of our hon. friends opposite rising in an attempt to clarify the situation, it grows murkier than ever.

There is no doubt that the United States and Canada have been on friendly terms for a long time. In fact, even if at times there have been causes of friction, Canada and the United States have been living in peace side by side since 1813. This is evidence of the fact that we are old-time friends of the United States but it does not mean that we should give up our personality as a nation and that we should not be considered as an autonomous country with rights of its own.

I believe that, according to the agreement signed on May 12, we are surrendering part of our sovereignty. As the Leader of the Opposition so aptly put it, there is nothing in this that compares with the sacrifices we are making for NATO. Several countries of the world have agreed in the face of danger to sacrifice part of their sovereignty for the common good. Is this agreement between the United States and Canada identical with the NATO agreement? NATO is made up of several countries whereas in this case there are only two countries making decisions outside of NATO. Regardless of what was said by the Secretary of State for External Affairs, by the Prime Minister and by the Minister of National Defence, this agreement is quite distinct from NATO, because the Secretary General of NATO, who was in Ottawa recently, admitted that NORAD is not part of NATO, that he had not heard of it, that it had not been discussed beforehand and that it was an experiment being looked at with interest by NATO. However, there was no statement from this international authority to indicate that it is indeed part and parcel of NATO.

On the other hand, here is what I read in the introductory paragraphs of the letter sent by Mr. Robertson to Mr. John Foster Dulles:

> The Canada-United States region is an integral part of the NATO area.

So far, we are all agreed; no one denies that the United States and Canada are members of NATO in so far as the defence of our common good is concerned.

> In support of the strategic objectives established in NATO for the Canada-United States region and in accordance with the provisions of the North Atlantic Treaty—

Please note that there is no mention of "strategic objectives established by NORAD", nor of "strategic objectives established by the Minister of National Defence of Canada and the Secretary of State of the United States", but there is mention of the "strategic objectives established in NATO." Up to this point, NATO had not been consulted and had not been informed of what Canada and the United States were to decide...

> —for the Canada-United States region and in accordance with the provisions of the North Atlantic Treaty, our two governments have, by establishing the North American Air Defence Command, recognized the desirability of integrating headquarters exercising operational control over assigned air defence forces.

Now, I do not see here any likeness, no comparison with the treaty binding the NATO nations. Besides, the hon. member for Vancouver East (Mr. Winch) while making his comparisons, pointed out many details proving that the agreement which we have entered into with the United States is certainly not one that falls within the framework of NATO.

I note in the preamble of the articles of the agreement the following:

> In view of the foregoing considerations and on the basis of the experience gained in the operation on an interim basis of the North American air defence command, my government proposes that the following principles should govern the future organization and operations of the North American air defence command.

However, in the preamble immediately preceding the agreement which was signed, there is absolutely no reference to NATO. Yet we were given as an excuse that this agreement should not be submitted to parliament because it did form part of the NATO concept.

Well, if the right hon. Prime Minister were still in the opposition, I wonder whether his approach of the matter would have been the same. Those who have been members of this house since at least 1953 will recall the many times when the present Prime Minister rose in criticism of the former government's attitude, which, however, was very much broader than the present administration's, for no statement, no international agreement was ever made or signed without being first submitted to this house.

We are now before an accomplished fact. The fact is that we have signed an agree-

ment. It is an agreement which was entered into without parliament having had the opportunity of looking at it, and since yesterday, members of the opposition have been asking many questions that have yet to be answered, which proves that there are still many details to be clarified.

This agreement should have been submitted to this house many weeks or months ago. This government would thus have introduced something much more intelligible, not to say intelligent.

We have been asking numerous questions since yesterday and no definite answer has yet been forthcoming. I have read rather carefully the answer which the Minister of National Defence tried to give yesterday to the different questions but, in spite of all my efforts and good will, I could find no clarification. He merely repeated the questions which had been asked and, in what seemed unending verbiage, he gave explanations which instead of clarifying the situation made it more confused. I would be inclined to repeat the speech he made; it would be enough to show that the minister did not dare answer.

However, a question has been asked by the hon. member for Essex East (Mr. Martin) to which no answer has been given either by the Minister of National Defence or by the Secretary of State for External Affairs. The hon. member asked whether, in the absence of the supreme commander, General Partridge, the Canadian commander, his deputy, would have the same authority as General Partridge, under section 3 of the agreement, to give orders to American troops and squadrons without consulting the American government. If he has not, the Minister of National Defence and the Secretary of State for External Affairs have not answered that question and I even wonder whether the Prime Minister, in his final reply, will be able to answer it.

At first we heard that, because the situation was not clear, this question could not be discussed before being submitted to the American government, but I wonder whether the American government would answer in that way before the question had been submitted to the Canadian government.

Mr. Speaker, I see my time is running out and I would not like to take up too much of the time of the house, but I would have liked to have at least 40 minutes. . . . (*Applause*). I take it that this applause expresses the wish that I sit down, because when the remarks made do not hurt anyone, hon. members seem to be rather indifferent but when they are not indifferent, it means that they are being hurt.

Mr. Speaker, why were we promised at the last session that the agreement would be submitted to the house before it was signed, and why does the government refuse to submit it this year? Why was the agreement signed before being submitted to the approval of the house? Has the government reached the point where it believes itself made up of supermen, who cannot be wrong?

The discussion which has been going on since yesterday, the remarks of my leader, the Leader of the Opposition and those of the hon. member for Essex East, the numerous questions asked by these two members and by members of the C.C.F. party, to which no answer has been given, show that there is still much confusion, that the question is not clear, that it has not been clarified and might never be.

I hope that, from now on, whenever this government signs an agreement with another country, it will at least have the decency to ask the opinion of members of this house, to whatever party they belong, so that the government may be enlightened and may proceed more efficiently in the future.

(Text):

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, the house listened with much interest yesterday to the speech of the Prime Minister (Mr. Diefenbaker) on the NORAD resolution. We were a little bit surprised that on a matter as important as is this subject he should have introduced a political note here and there. I rather regretted it. At the beginning of his remarks, as recorded at page 992 of *Hansard*, he said this:

> I do not intend to enter into anything of a controversial nature in making this presentation,—

For many years now, as far as foreign policy is concerned or at least in so far as foreign policy relates to matters of national defence is concerned, we have had in Canada fairly unanimous support of one policy on the part of most sections of the Canadian people.

Mr. McDonald (Hamilton South): May I ask the hon. member a question? If that is so, is your group going to vote for this measure?

Mr. Regier: I should like to advise the hon. member to await the event. If he will listen to what I have to say, near the end of my remarks I believe he will have the answer; and the onus will be placed on the Prime Minister of Canada. It will not be upon us.

We regret that in what may be a matter involving life and death for many of our people and indeed for hundreds of millions of the world's people the Prime Minister should have injected political notes and overtones. We feel that he was not doing the cause any good when he resorted to that procedure. We were awaiting with considerable anticipation the speeches that we thought were to be given by the Secretary of State for External Affairs (Mr. Smith) and the Minister of National Defence (Mr. Pearkes) because they are the two members of the cabinet who are most directly involved, being responsible for matters of this kind.

After the election we heard that our Secretary of State for External Affairs had made a trip down to Washington in order, according to press reports, to receive a briefing on what was happening in the world today; and we heard, according to other press reports, that General Partridge appeared in Ottawa not so long ago to give our Minister of National Defence a briefing on what was happening in defence matters in the western world. The people of Canada were hoping that their first major speeches in this house on defence matters would provide much of the information that they had gleaned—and in the opinion of many, that they apparently had to glean—rather regrettably, in another country or from the nationals of another country. We had hoped that they would have been adequately informed by the senior officials of their own departments and would not have had to be briefed by United States officialdom.

We maintain that there is nothing that is as harmful to our defence as is a misinformed or uninformed Canadian public. One of our strongest weapons of defence is the conviction of our own people that everything that can possibly be done in these matters is being done. However, after listening to the debate yesterday and today—and I am sure the people of Canada upon reading *Hansard* will have to agree with me—I feel that very little has been done to inform our public. Our public will be as confused as are many members of this house; and many of us have no hesitation in admitting that we are very much confused indeed.

The hon. member for Kootenay West (Mr. Herridge) some time ago described this whole problem of NORAD as Canada's greatest crossword puzzle. After two days of debate, it appears that not only is it a crossword puzzle but that in the interval several of the essential pieces of that crossword puzzle have been lost, and there does not seem to be any hope that the pattern can be established. The intent of my remarks today is to make, on behalf of this group, one final appeal to the Prime Minister to clear up so many of the uncertainties which have existed in the past and which exist today to a greater extent than ever.

The Prime Minister gave one version yesterday. He attempted to build a nice little nest. We were hoping for a nest of security into which all of us might climb, as we have so often done on other occasions in the history of the Canadian parliament. However, that nest has been considerably fouled up by the several speeches that have been made. As recorded at page 995 of *Hansard* the Prime Minister said:

> For this purpose the agreement puts these forces under the operation of a single joint headquarters, of which the senior official is a United States air force general and his deputy is a Canadian air marshal.

He refers here to the agreement putting these forces under the operation of this joint headquarters. Yet the Minister of National Defence indicated very clearly that there may well not be any forces. Hence we are left in the dark on that score. As reported on the same page of *Hansard*, in referring to his meeting with General Partridge the Prime Minister said this:

> We reviewed as well their problems and the plans they formulated to meet the changing circumstances,—

I should like to ask the Prime Minister this question. Who formulated the plans? Then, of course, to that confusion we have added the confusion of the Minister of National Defence who indicated that there may not be any plans since he said that plans cannot be formulated in a matter of a few days and that there is nothing more now than there has always been, namely continuous consultation. I presume he was going back as far as the Ogdensburg agreement when he referred to continuous consultation. However, we are then told by the Prime Minister that the plan is for maximum effectiveness on a moment's notice.

Surely, if there are no forces, if it is only a matter of consultation, how can we take the Prime Minister at his word when he refers to "maximum effectiveness" and "on a moment's notice" and "under the command of a single joint board"? The Prime Minister adds to the confusion when later on he says that this command will have powers which he describes and on page 996 of *Hansard* of June 10 he says:

> I have seen these commanders, I was impressed with them, and I feel that the Canadian people and the people of the United States can have confidence in them. Over and over again they underlined the fact that the role of NORAD is defence, not attack; that its objective is defensive, not aggressive. It

will not and cannot start wars. It can come into action only if potential aggressors are over our territory.

And yet in another place he says "it contains as well the powers to retaliate against aggressors".

I find it hard to reconcile those two statements. He assures us that he has met these commanders and we should have every confidence in them, that the role of NORAD is defence and not attack and its objective is defensive, not aggressive; that it can go into action only if potential aggressors are over our territory and at the same time he says it contains as well the power to retaliate against aggressors. For a defensive force to be able to retaliate requires a little more than simply powers of a defensive nature.

There has been further confusion with respect to the planes of the strategic air command. We were assured as long ago as 1957 that a large portion of the planes attached to SAC were continuously airborne in order to be ready to implement our policy of instant retaliation as our major contribution to the so-called deterrent to war, and yet we were assured by the Minister of National Defence that except in special circumstances none of these planes is in Canadian skies. For many months, in fact as much as half a year, we were assured that if they were over Canadian territory they were, except under special circumstances, not equipped with nuclear weapons, and many of us were wondering what was the purpose of having these planes in the air if they were not ready to start retaliatory action which might be needed at a moment's notice. What was the purpose of it?

However, we now have the situation where, possibly to further clarify the matter, we are assured that they are avoiding flying under ordinary conditions in their routine flights over Canadian territory, and I repeat the question put by the member for Vancouver East (Mr. Winch): Why do they want refueling bases if they are not to be found over Canadian territory?

I would like to refer for a moment to the proposal put forth some days ago when the Prime Minister, in his efforts to be political in this matter, was attempting to bait the opposition into opposing the NORAD agreement and when he made reference to continental defence. I have with me a copy of the Ogdensburg agreement which, I believe, was the first conscious effort at providing for continental defence. This was read into the record by the late prime minister, Mr. Mackenzie King, on November 12, 1940. Mr. King read as follows:

[Mr. Regier.]

The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a permanent joint board on defence shall be set up at once by the two countries.

This permanent joint board on defence shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defence of the north half of the western hemisphere.

The permanent joint board on defence will consist of four or five members from each country, most of them from the services. It will meet shortly.

That was an advisory committee set up to study the mutual problems of defence and to then make appropriate recommendations to their respective governments in respect of such action as might be considered necessary. That was an altogether different matter from the NORAD agreement now before us. I very much regret that we were not given the chance to take a close analytical look at this agreement, that we were not able to consider it in committee, even in a committee on external affairs meeting in camera. We have not been assured that this is going to be done.

We are rather concerned, as was so ably pointed out by the hon. member for Kootenay West, that in our opinion there seems to be—and I want to be fair—a departure from the principle of NATO. NATO was an organization formed wherein some 16 countries agreed that an attack on one was an attack on all. We now have a new arrangement whereby two countries, or possibly even one country—and I am not sure whether under the NORAD agreement this is not possible—one country alone may engage in warfare without consultation with the 14 or 15 NATO allies.

An indication was given by the Prime Minister that NORAD was not a diminution of Canadian sovereignty. We do not, however, need to fool ourselves. Every time we sign an international agreement we relinquish Canadian sovereignty. That is the sole purpose of affixing our signature to such an agreement. We have never been really disturbed or alarmed at the prospect of relinquishing Canadian sovereignty provided such sovereignty was relinquished to a world-wide organization devoted to the cause of peace, such as the United Nations, or previously to the League of Nations, or even to a group of nations having ideals very similar to our own and who have decided to band together for reasons of collective security.

Much confusion still exists as to who gives the orders. We were at one time given to understand in this house that the decision would be made at Colorado Springs. Our Minister of National Defence (Mr. Pearkes) made much of the fact that he could get into

contact with Colorado Springs within 40 seconds. I wonder whether this also applies to the possibility of his attending a political meeting in a little red school house somewhere in northern British Columbia—

Some hon. Members: Shame.

Mr. Regier: —or I am hoping that, like the rest of us, he will be able to take a holiday. Will the 40-second phone call rule also apply to him if he is out on the golf links somewhere? We recall also that St. Hubert is involved and our own command in Canada is concerned and would also be consulted.

I am very pleased that the Prime Minister introduced the subject of the rules of engagement as they were first issued in 1951. I think the Canadian people ought to be told, and can safely be told, that the orders have already been issued. I do not think we should try to hide that from the Canadian people. The officers commanding all branches of our armed forces have already received orders governing their action in every conceivable eventuality, and for us to pretend there is going to be wide consultation among civilian authorities in the case of an emergency is clearly a lot of eyewash intended to lull the people of Canada into a false sense of security. I would go so far as to say that all NATO area commanders have already received their orders and it is rather foolish for us to be threshing straw and attempting to define who is responsible for giving the order which would have to be given at whatever might be the crucial moment.

I particularly regret this desertion of the principle of collective security in favour of an agreement with one other nation. It completely changes the concept of collective defence. I believe that all our allies in western Europe have for some time felt uneasy at the desertion of the traditional policy of NATO. When NATO was founded we told the Soviet union that one foot on the soil of any one of us would mean instant retaliation. Now, the nations of Europe have been told this no longer applies, that they are expendable and that an invader will be allowed to swallow them up inch by inch and yard by yard.

An hon. Member: Sheer nonsense. They will be disturbed if they hear your speech.

Mr. Regier: Hon. members can shout "sheer nonsense" all they like but I know that the policy of the United States is continental defence first and western Europe defence second.

Mr. Nesbitt: How do you know that?

Mr. Regier: All their actions over the past several years have tended in that direction, and there is great concern among all the allied NATO countries in Europe. There is a feeling that this concept of limited warfare in which as much as a whole European nation could be involved has now been accepted in North America, and I do not think the people of Europe are going to feel very happy when they hear that Canada and the United States are now making arrangements of their own. They feel that we will help them along, supply them with missile bases, give them missiles, even with atomic warheads and so on, but that if the fatal day should arrive we would not necessarily abide by our NATO undertaking that an attack on the territory of any one power is to be regarded as an attack on the territory of all.

I am sure the Prime Minister is hoping for the unanimous agreement of this house with regard to the NORAD resolution. However, we would like him to explain to us how this agreement hastens the day when we will have an international police force; we would like him to explain how it strengthens NATO; we would like him to tell us what satisfaction our European allies will receive from the existence of the NORAD arrangement. We want to know where the NORAD agreement is in force, who gives the commands. What does the Prime Minister mean when he refers to new and further developments? Is he hinting at some great expansion in defence expenditure when he refers to NORAD? We are not yet clear as to where SAC planes are in the air. If they are not in Canadian skies—and we occupy more than half of the northern hemisphere —where are they? And we are not yet satisfied with regard to their carrying nuclear weapons. Yet if they are not loaded with nuclear weapons what is the purpose of having them in the air at all?

Speaking for myself I should like the Prime Minister to explain how the NORAD agreement is in line with the statement he made in Edmonton as reported by the Canadian Press, as follows:

> Prime Minister Diefenbaker says leaders of the free world must have a positive and vital program in the race for men's minds instead of employing a negative and defensive policy designed to answer soviet propaganda.

I hope the Prime Minister will explain how that ideal of his, which I am sure all of us share, and which we think is most urgent and vital today is being assisted by the NORAD agreement. We feel that the NORAD agreement may well be a danger to peace and render a disservice to western Europe unless we receive satisfactory replies to the

questions we have asked, and we feel we can have no confidence in the confusing answers which the two senior ministers have given. We expect the Prime Minister himself to clear up these misunderstandings. This movement has always been in support of collective security.

Mr. Nesbitt: How about German rearmament?

Mr. Regier: It has always hesitated to do anything that might endanger the peace of the world or the safety of our country and in answer to the hon. member for Oxford I may say that in the last parliament the C.C.F. section had a higher proportion of veterans in its ranks than any other section of the house. We are asking these things in all sincerity and we expect our Prime Minister to answer them.

Mr. Speaker: If the Prime Minister speaks now he will close the debate.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I had hoped that I would have been allowed sufficient time before the adjournment hour today to have dealt with the many arguments that have been advanced, but this now appears to be impossible having regard to the fact that only ten minutes remain and it is necessary for me to leave very shortly in order to meet the Prime Minister of the United Kingdom who commences his visit with us this evening.

However, in a few moments I will deal with one or two matters that have been raised. I have listened to the hon. member who has just taken his seat. I am one of those who through the years have had a regard for my friends opposite, and when they speak with sincerity, whether I agree with them or not, they do uphold the principles of parliament. The hon. gentleman who just resumed his seat spoke with great vehemence and because I have known him through the years I can also add that he spoke with sincerity and I pay tribute to him in that regard.

To my hon. friends of the C.C.F. may I say that to a major extent they all endeavoured at the beginning of their arguments, including the hon. member for Kootenay West (Mr. Herridge), to suggest that because NORAD was not connected with NATO and might have a weakening effect on NATO action therefore should be taken to bring it under NATO control completely and directly. All the hon. gentlemen of that group who spoke on this matter are from the province of British Columbia and all based their arguments on that ground. To that end they moved an amendment in these words:

> That the motion be amended by adding thereto the following words:
>
> [Mr. Regier.]
>
> And in the opinion of this house consideration of the interests of collective security and the principles of the United Nations make it advisable for the government to give consideration to the taking of such steps as are necessary to integrate these agreements within the structure of NATO.

That was their view but it strikes me as passing strange that on June 2, 1958, at their convention in the province of British Columbia, the British Columbia C.C.F. party went on record as being opposed to NATO, urging Canada's withdrawal from it and finding collective security through the United Nations. A report to this effect is contained in the Vancouver *Province* of Monday, June 2, 1958. Apparently they have the best of two worlds: they have adopted one policy for their party in British Columbia from which most of them come and another policy in the House of Commons when they are speaking to the Canadian people as a whole.

A former outstanding member of this house who represented the constituency of Nanaimo, Mr. Colin Cameron, spoke on that occasion to the convention and as reported in the newspaper article to which I have referred said:

> It is an open secret in Ottawa that from a military point of view NATO is down the drain. Proof that it is down the drain comes from the United States consistent refusal to place under it the American strategic air command.

Mr. Cameron went on to say this:

> NATO has proved to be the major stumbling block to settlement in Europe.

Mr. Speaker, that is the kind of inconsistency, ambiguity and confusion that arouses the doubts to which my hon. friend the Leader of the Opposition (Mr. Pearson) referred. Where is the consistency? My hon. friends of the C.C.F. have spoken long and volubly of their deep affection for NATO but even before they rose to speak in this house the organization that speaks for them officially from the province of British Columbia went on record as saying, "Do away with NATO".

Now we come to the Liberal attitude. My hon. friend the Leader of the Opposition spoke about doubts, ambiguities, confusion and contradiction. I say it is dangerous for any political party to arouse fears in the hearts of people. My hon. friend and those associated with him endeavoured to do that during the recent election campaign. They said to the people of Canada all the things they have said in this house in the last 24 hours. They indulged in what my hon. friend the Leader of the Opposition likes to refer to on occasion as "agitated exaggeration" but the Canadian people would not be stampeded

by the kind of fears that he and those associated with him endeavoured to plant in their hearts.

As my hon. friend continued his course of seeking to plant doubt and confusion during the campaign he finally brought forth the most amazing thought of all when he contended in so far as trade with the United States is concerned that we must naturally protect our interests without their being prejudiced by United States policy; that we must, for instance, make it quite clear that the United States cannot expect the full and complete co-operation in continental defence which is desirable if she treats us unfairly in her tariff and trade policies.

Mr Speaker, I spoke with restraint when I introduced this matter but now I am tempted to speak more strongly. One would never have expected that my hon. friend the Leader of the Opposition would suggest that we should attempt to use Canadian trade as a weapon in respect of continental defence by saying to the United States, in effect, that it will be without a partner in the preservation and assurance of our joint defence unless that country does what Canada wants it to do.

All during the campaign the Leader of the Opposition attempted to arouse doubt, fear and uncertainty in the minds of Canadians with respect to air defence. I have many clippings here. One article appeared in the Ottawa *Journal* on February 22, 1958, under the heading, "Raps Lack of Pact with United States". Reporting on a speech made by that hon. gentleman in London, Ontario, the article states in part:

> He concentrated his main evening attack on the government's handling of the North American air defence setup, a move undertaken, he said, without any firm agreement between the two countries and without the prior consent of parliament.
>
> He didn't criticize the fact that the Canadian-American air defence had been integrated—it was the only way to defend the continent against attack—but attacked the action of the government to agree to the setup without a pact.

In an article in the Toronto *Star* of March 21, 1958, under the heading, "United States Missile Bases Soon Not Needed in Canada" the Leader of the Opposition is reported as having said at Blind River:

> Liberal leader Lester Pearson gave qualified approval last night to the idea of U.S. bases in Canada for intercontinental ballistic missiles. But he made it clear he did not favour such bases until more attempts had been made to reach an agreement with Russia and had failed.

The Windsor *Star* of February 15, 1958, reports the hon. gentleman as having said in Toronto:

> —the Progressive Conservative government has given the United States "far-reaching control" over Canada's air force without first completing a political agreement to restrict the measure of that control.

He went on to speak of the dangers to the Canadian people. The hon. gentleman went across the nation with the same arguments that he used last evening.

Mr. Pearson: Why do you not answer them?

Mr. Diefenbaker: Mr. Speaker I know my answer to that type of attitude and I know my hon. friend will agree with me because he has said it on a number of occasions. It is necessary to realize in the world in which we live that action has to be taken defensively. I believe in the necessity for a positive and imaginative policy such as the hon. gentleman spoke of a moment ago in his concluding remarks but while advancing that policy we must above everything else maintain our defences. That particularly applies to us in North America because we are perhaps more vulnerable than any other portion of the world at this time.

Mr. Speaker: Order. I am sorry to interrupt the Prime Minister (Mr. Diefenbaker) but it is now six o'clock.

Some hon. Members: Continue.

Mr. Speaker: Does the Prime Minister have the unanimous consent of the house to continue?

Some hon. Members: Agreed.

Mr. Diefenbaker: Mr. Speaker, I do not think I can answer these arguments in five minutes because I wish to go into some detail. I have waited here today to take part in this debate and I do not intend criticism in saying that but in order to cover this matter fully, having regard to the haze that has been cast over this subject by the opposition, which haze was first created as a smokescreen during the recent campaign, I think it would be desirable for me to take some time in order to complete my arguments.

On motion of Mr. Diefenbaker the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business is for tomorrow? I take it it is private members' day but would the leader tell us what the government intends to do on Friday?

Mr. Green: Mr. Speaker, tomorrow is private members' day. On Friday we shall conclude this debate and then go on with the estimates of the Department of Public Works.

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

HOUSE OF COMMONS

Thursday, June 12, 1958

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

First report of standing committee on external affairs.—Mr. White.

HOUSE OF COMMONS

CHANGE IN HOURS OF SITTING ON JUNE 13—VISIT OF PRIME MINISTER OF UNITED KINGDOM

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That, when this house adjourns on Thursday, June 12, it stand adjourned until 11.30 a.m., Friday, June 13.

Mr. Speaker: Perhaps while this matter is in our minds I might remind hon. members that there is a reception this afternoon to meet the Right Hon. Prime Minister of the United Kingdom in the railway committee room at 5.30 p.m. It is a reception given by the Speakers jointly. Presumably senators will adjourn earlier and be there by 5.30 so there will be free passage for the members at six o'clock. While on that subject, I might say this. Does the Prime Minister intend to say anything about tomorrow's proceedings?

Mr. Diefenbaker: Yes, Mr. Speaker. The adjournment asked for, of course, is designed to make possible the appearance within this chamber of Right Hon. Mr. Macmillan where he will deliver a speech to both houses of parliament.

Mr. Speaker: Just to complete the matter may I say this. The reception this afternoon is for the members and unfortunately does not include their wives. It is for the members of both houses and the press gallery plus some members of our visitor's party. I think you have all been advised that tomorrow the bell will be rung shortly before ten o'clock. I have taken the liberty of authorizing that the bell be rung, although it is not a session of the house, at ten or twelve minutes to ten. Both houses will assemble then to hear our distinguished guest.

Motion agreed to.

UNEMPLOYMENT INSURANCE

QUEBEC—APPLICATION TO HOSPITAL PERSONNEL

On the orders of the day:

Mr. Alexis Caron (Hull): I would like to address a question to the Minister of Labour, or in his absence to the Acting Minister of Labour. Are the hospital administrators and employees subject to the Unemployment Insurance Act? Does this apply even in the province of Quebec and, if not, why not?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, employees in a hospital not operated for gain are not insurable except in the case of those persons employed on a temporary or casual basis, such as in construction, renovation or repair workers. However, any hospital may, at its option and with the consent of the unemployment insurance commission, insure any designated group of employees it wishes; that is an optional arrangement.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REQUEST FOR HEARINGS IN THE KOOTENAYS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with high hopes and great expectations I should like to address a question to the Prime Minister. In view of the fact that present plans do not provide for the Borden commission holding hearings in the Kootenays; in view of the great importance to Canada's economy of the development of the Columbia and Kootenay rivers, and in view of the local desire for hearings to be held in the Kootenay area, would the Prime Minister inform the house if arrangements can be made to meet the wishes of the Kootenay people, who are anxious to make a contribution to the fund of ideas and facts being collected by the commission?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I did not receive notice of this question but I think I can answer it. The commission has held sittings in British Columbia and in Alberta, and I do not know what further arrangements the commission has in mind with respect to extending its sittings in the province of British Columbia. It is regrettable that the interest of the people of the Kootenay area was not made known to the commission at an earlier date. At least if it was I have no knowledge of that fact. I will, however, communicate with the chairman with a view to ascertaining whether the laudable and desirable end which the hon. gentleman seeks to achieve may yet be made possible.

Inquiries of the Ministry

TRADE

REPORTED VISIT TO CANADA OF MISSION FROM COMMUNIST CHINA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I would like to ask the Minister of Trade and Commerce whether he could comment on a report that a mission from communist China is now in this country and has been holding discussions with the Canadian wheat board, and will have discussions with officials of the Department of Trade and Commerce on the question of trade with China?

Hon. Gordon Churchill (Minister of Trade and Commerce): My understanding, Mr. Speaker, is that there are two representatives of communist China in this country endeavouring to enlarge trade between our two countries. I have had no direct word with the wheat board with regard to whether these representatives have actually met with the board. I will, however, be meeting with the board, I hope in a day or two, and will ask what, if anything, has transpired.

My understanding at the moment is that another cargo of wheat was sold to mainland China as a result of the visit of these representatives of communist China, who may be meeting with other people throughout the country with the general objective of encouraging trade between our two countries.

ROYAL CANADIAN MOUNTED POLICE

STATEMENT ON REQUEST FOR INFORMATION ON DROWNING OF FIVE MEMBERS OF FORCE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on June 10 last the hon. member for Vancouver East asked me if I could give the house any information regarding the tragic drowning of five members of the Royal Canadian Mounted Police while on patrol duty on lake Simcoe. Because of the unusual nature of this tragedy and because of the widespread concern it has aroused, perhaps hon. members might wish me to make a full statement at this time. Precisely what happened when this terrible accident occurred we may never be able to say, as there were no survivors, but I shall give the house such facts as we have been able to ascertain.

The Royal Canadian Mounted Police has a responsibility for the enforcement of federal statutes which includes enforcement of the Indian Act, the Excise Act and the Canada Shipping Act. Work relating to these acts has frequently taken patrols of the force into the lake Simcoe area and, indeed, there is a regular detachment at Orillia. Georgina island, which lies at the southern end of the lake, is an Indian reserve. It has been necessary to have patrols visit this island from time to time, as well as the adjoining stretch of mainland from Jacksons point to Virginia beach.

These patrols have had to deal with complaints and information reaching the force as to violations of the federal acts I have mentioned, and particularly as to instances of drunkenness and public disorder. I do not want to give the impression that serious disorders have occurred, but circumstances have called for the attention of police patrols, and the size of the patrol in each case is dictated by the circumstances. Such patrols have, of necessity, to be made either by day or by night.

On Saturday evening, June 7, 1958, Corporal H. M. Smart, who was stationed in Toronto but who had a general responsibility for overseeing the work in the lake Simcoe area, took five constables with him from Toronto and proceeded to Beaverton. There he met Constable Farough and Constable Perry of the Orillia detachment, who had travelled to this point by car, bringing with them the patrol boat on a trailer. Some work was carried out in the Beaverton-Sutton area and, indeed, four arrests under the Indian Act were made early in the evening.

Later Corporal Smart, taking with him in the patrol boat Constables Farough and Perry of the Orillia detachment, and Constables Melynchuk and Ransom from Toronto, left the mainland and headed for Georgina island. He left Constables McDonald, Kilcup and Smith from Toronto behind in the police car, the intention being that they would later meet the party on its return from the island, in the meantime carrying out certain duties on the mainland. There was a portable radio in the patrol boat and a radio in the police car.

After some hours without any kind of contact whatever from Corporal Smart and his party in the patrol boat, Constables McDonald and Kilcup drove back toward Virginia beach from Jacksons point, watching for some sign of the boat, thinking that its radio might have gone dead and that it might have reached the mainland at some unarranged point. They had no success and eventually arrived at Virginia beach, where they met another member of the force, Constable Legere, working in another patrol boat. Constable Legere, when he heard that Corporal Smart and party were overdue, became concerned, feeling that they might have run into some unexpected difficulty in carrying out their work on the

island. He therefore went across to the island in his own boat, and there found that Corporal Smart and his party had never arrived. It was then realized that some serious accident must have occurred.

At about 9.30 a.m. Sunday, June 8, Mr. Donald Thompson of Foxden road, Don Mills, noticed the patrol boat floating partly submerged and pushed it ashore at Georgina island, where it was shortly thereafter spotted and examined by members of the R.C.M.P.

The boat is a 14-ft. Peterborough "Venus", purchased by the police in August, 1957, and equipped with a 35 horsepower Johnson outboard motor. When found the motor was still attached but the windshield on the boat had been broken, and the walkie-talkie radio, seat backs, and other equipment were missing. The spotlight had been torn clear of the deck but was still dangling by its wires. I should add that the boat carried two life jackets, four life cushions and a fire extinguisher, all of the approved type, equipment specified in the small boat regulations. The manufacturers rate the boat's maximum load as 975 pounds and the craft is designed to carry a 35 horsepower outboard motor. The total weight carried on this fatal night was within the maximum figure referred to.

On Sunday afternoon the body of Corporal Smart was found in the water in the general area where the boat was first sighted, which was about two miles from the shore of the northwest point of Georgina island. The body had on a life jacket and this apparently had kept it afloat. The bodies of the other men have not as yet been found and the search is continuing. An inquest is under way.

One life jacket and four life cushions were later found floating in the general area where the boat was recovered. The water at this point is deep, and on the night in question the water temperature was about 52 degrees on the surface and 47 degrees a few feet down. There were intermittent squalls during the night. When the patrol left the mainland the weather was fair and the water reasonably smooth in the area from which the boat set out.

As I stated earlier, we can only conjecture what happened when these men lost their lives. We do know, however, that Corporal Smart was an experienced and thoroughly responsible non-commissioned officer who knew the district well, while Constable Farough, the man operating the boat, was a competent boatman and had handled an identical boat all last season in that particular area without any difficulty. The duty being carried out was a normal one and of a nature where the detailed arrangements are left to the N.C.O. in charge. We can only conjecture that one of the squalls caught the boat suddenly, perhaps broadside, and threw the men into the water without warning. It would seem that Corporal Smart managed to grab a life jacket, while the other men did not, or that if they did, they were unable to retain them after the accident took place.

There has been some suggestion that the men may have been handicapped when they were thrown into the water by the R.C.M.P. uniform of breeches and boots. Actually the regulations of the force require that members on air or water patrols dress in loose trousers and low boots, and this is the type of uniform Corporal Smart and his men were wearing on the night the patrol was made.

Constables Farough, Perry and Ransom had each been awarded the bronze medallion of the Royal Life Saving Society for swimming and lifesaving ability. Corporal Smart had been active in various sports and was a cubmaster and scoutmaster. He also had taken swimming instruction during his course of training.

I think I should add a word of thanks for the spontaneous assistance given—and which is still being given—by the people of the area from the time it was learned that the patrol was missing, and for the unlimited co-operation afforded by the township police, the Sutton police, the Ontario provincial police, the Ontario department of lands and forests, and the R.C.A.F. search and rescue service. I should also like to mention the offer of the four men who had earlier that evening, June 7, been arrested by Corporal Smart and his men. These four men, when they learned of the situation on Sunday morning, as they know the area well, begged to be released so they could take part in the search. Arrangements to this end were made and their offer was gratefully accepted.

Hon. members will, I know, wish to join me in expressing to the next of kin and families of the deceased men the heartfelt sympathy of this house in the loss they have sustained through the tragic death of their loved ones in the course of the discharge of their duty.

NATIONAL DEFENCE

H.M.C.S. "CORNWALLIS"—INQUIRY AS TO TAXATION OF RESIDENTS

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I direct a question to the Minister of National Defence or to the Minister of Justice. I do not know exactly to whom my question should be directed, but I sent notice this morning of my intention to ask it.

On June 1 the county of Annapolis, Nova Scotia, issued tax bills for poll and property

tax against all resident members of the H.M.C.S. *Cornwallis* naval base, threatening collection, with all the rigours of the law, if not paid by July 1.

The question is, has the county of Annapolis the right to impose such a tax on members of a crew temporarily stationed in the port?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I thank the hon. gentleman for sending me notice of his question. No provincial, municipal or county property taxes can be collected on property of the crown in the right of Canada. In so far as poll taxes are concerned, members of the service resident in a given area are subject to this tax if such a tax is approved by the province. Any such individual, however, has a right to appeal to the qualified courts if he considers himself not to be a resident and therefore not subject to this tax.

NORAD—STATEMENT AS TO U.S. LAW RESPECTING COMMAND OF NUCLEAR WEAPONS

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Yesterday the Leader of the Opposition asked a question regarding the authority and control over United States aircraft which might be exercised by the deputy commander of NORAD. I have been in contact by telephone today with General Partridge, and I can inform the house that United States authorities have concurred in the interim arrangements for the appointment of Air Marshal Slemon as a deputy commander of NORAD, and no limitations or restrictions of any nature have been placed on the exercise of operational control by Air Marshal Slemon in the absence of General Partridge. Therefore Air Marshal Slemon exercises the same operational control over the forces assigned to NORAD as that of General Partridge.

DOMINION-PROVINCIAL RELATIONS

SASKATCHEWAN—INQUIRY AS TO SHARING OF TAX REVENUES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Prime Minister whether he has received any communication from the premier of Saskatchewan since March 31 regarding the federal-provincial tax-sharing arrangements and, if there is any such correspondence, if it could be tabled?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will look into the question and if there is correspondence it will be tabled.

[Mr. Caron.]

INQUIRY AS TO PAYMENT OF FIRST INSTALMENT TO PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, while I am on my feet may I ask the Minister of Finance if he is now in a position to answer the question which I interrupted him to ask when he was speaking the other day, about the first instalment under the tax-sharing arrangements paid at the end of the month of April to the various provinces, which information he said he would be willing to give.

Hon. Donald M. Fleming (Eglinton): I will be glad to do that, Mr. Speaker.

[*Later:*]

Mr. Fleming (Eglinton): Mr. Speaker, I have the information asked for by the hon. member for Bonavista-Twillingate a moment ago. The payments made to the provinces pursuant to the Federal-Provincial Tax-Sharing Arrangements Act for April and May are as follows: Newfoundland, $2,027,000; Prince Edward Island, $554,000; Nova Scotia, $2,936,000; New Brunswick, $2,484,000; Quebec, $4,102,000; Ontario, $7,655,000; Manitoba, $2,831,000; Saskatchewan, $2,894,000; Alberta, $3,818,000; British Columbia, $5,267,000.

Mr. Pickersgill: A supplementary question, Mr. Speaker. I did not quite catch what these figures were for.

Mr. Fleming (Eglinton): For each month; these amounts were paid for the month of April and the same amounts were paid for the month of May.

Mr. Pickersgill: Did they include payments under the Atlantic provinces grants or merely the tax-sharing?

Mr. Fleming (Eglinton): My assumption is that they are included. I thought the question of my hon. friend, which this table was designed to answer, was broad enough to include that but I will check on that point.

AIR TRANSPORT

T.C.A.—STATEMENT ON APPLICATION FOR FIFTH FREEDOM RIGHTS IN U.S.

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Yesterday the hon. member for Laurier asked if an application had been made for fifth freedom rights on behalf of Trans-Canada Air Lines at United States airports, and whether renegotiation of the air agreement between Canada and the United States is contemplated this year.

As to the first part of the question, I am advised that no application has been made for fifth freedom rights by Trans-Canada Air Lines at United States airports.

In regard to the latter part, there have been informal discussions between Canadian and United States government representatives but these discussions have not yet led to any final agreement.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—STATEMENT ON REPORTED POSSIBILITY OF IMPROVED SERVICE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena made the following inquiry on the orders of the day:

Has the Department of Transport received a report from Canadian Pacific Steamships relative to the operation of steamships between the mainland of British Columbia and Vancouver island to the effect that a more efficient and faster service between the two points is possible? If so, what plan does the department have for the institution of such a service?

In reply I may say I am advised that no such report has been received in the department.

EXTERNAL AFFAIRS

RUSSIA—STATEMENT ON OPERATION OF SHIPS OFF NEWFOUNDLAND

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, may I answer the question which was asked yesterday by the hon. member for Burin-Burgeo, regarding the operations of Russian trawlers on or near the Grand Banks of Newfoundland. No reports have been received by the Canadian maritime commander, Atlantic, which would indicate that Russian trawlers operating in the Grand Banks area are not observing the international regulations for preventing collisions at sea.

ICELAND—STATEMENT ON EXTENSION OF FISHING LIMITS FOR FOREIGN TRAWLERS

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Yesterday the hon. member for Gloucester addressed this question to me:

In view of the recent threat by the Danish islands in the north Atlantic to follow the example of Iceland and extend their fishing limits to 12 miles, can the minister advise the house if the Canadian government recognizes the extension of the fishing limits to a 12-mile width of waters off their coasts, as announced by the government of Iceland?

57071-3—68½

Since this question, Mr. Speaker, is predicated on the assumption that Iceland has now formally extended its fishing limits to 12 miles, I must point out that there has been no extension by the Icelandic government of its fisheries limits. The only definite announcement that has been made in this respect by the Icelandic government is that it has expressed its intention to establish such a zone on September 1, so I cannot answer the hon. member's hypothetical question.

Mr. H. J. Robichaud (Gloucester): Would the Secretary of State for External Affairs answer the second question which I addressed to him yesterday, and which is recorded on page 1037 of *Hansard*? It is based on a statement made in Halifax on Sunday last and reported in the Halifax *Chronicle-Herald* of Monday, June 9, to the effect that Canada would try to obtain a compromise arrangement concerning the 12-mile fishing limit at the next conference on the law of the sea?

Hon. J. A. MacLean (Minister of Fisheries): Since this question is apparently based on an interview with me perhaps I should answer it. It is evident from the news story that a misconstruction was inadvertently put on a reply which I made to a question.

The misunderstanding probably arose from the fact that I was asked if, in my opinion, any conference on the law of the sea in the near future might have a hope of reaching an agreement. I expressed the belief that there was a wide divergence of opinion and considerable conflict of interest on this question, and that agreement could only be reached as a result of compromise. I made no statement which was intended to indicate in any way what Canada's position would be or what Canada might attempt to obtain at any future conference on the law of the sea.

HARBOURS

ST. JOHN'S, NEWFOUNDLAND—REQUEST FOR TABLING OF CORRESPONDENCE ON DEVELOPMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I can ask the Minister of Public Works if it would be possible for him to table the correspondence he has had with Sir Brian Dunfield, Harvey and Company, and with certain other persons in St. John's regarding the harbour development, so that it would be available to hon. members when his estimates are next before the house?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I think it will be possible to table the correspondence.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

ONTARIO—INQUIRY AS TO APPOINTMENT OF ADDITIONAL JUDGES

On the orders of the day:

Hon. Paul Martin (Essex East): Can the Minister of Justice inform the house whether or not a reported statement made by the attorney general of Ontario is correct that eight new judicial appointments will be made in the province of Ontario? If that statement is correct, can the minister indicate whether they are all to be county court appointments or whether some of them will be appointments to the supreme court of Ontario?

Hon. E. D. Fulton (Minister of Justice): It is my recollection that at its last session the Ontario legislature passed legislation authorizing the appointment of two additional judges to the trial division of the supreme court of Ontario, and six additional county court judges.

Mr. Martin (Essex East): May I ask the minister if it is the intention of the federal government to comply with that legislation, and if so will necessary legislation be introduced this session?

Mr. Fulton: It is hoped that it will be possible to deal with that at this session, yes.

BRITISH COLUMBIA—STATEMENT ON REPORTED ARREST OF MAN ON TICKET OF LEAVE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): I should like to reply to a question asked by the hon. member for Vancouver East on June 10. He asked whether my attention had been drawn to a news report that a person convicted as an habitual criminal, and released on ticket of leave, was arrested by the R.C.M.P. under instructions from the remission service, without any charge being laid or opportunity given to that person to learn of the charge or to present a defence.

The hon. member then asked:

Will the minister advise the house if the law of Canada or the administration of the justice department permits a person to be found guilty and reimprisoned without knowledge of the charge or an opportunity to present a defence?

In answer I would say that the Ticket of Leave Act authorizes the governor general, on the advice of the appropriate minister of the crown, to grant to any person under sentence of imprisonment a licence to be at large in Canada during such portion of his term of imprisonment and upon such conditions in all respects as to the governor general may seem fit. The governor general is authorized also from time to time to revoke any licence so granted.

Where an inmate is released on licence under the Ticket of Leave Act he is expected to comply with the conditions of his licence and to live a law-abiding life. The authority to revoke a licence is exercised where the remission service has reason to believe that a licensee is not complying with the conditions of his licence or is not leading a law-abiding life. This is essential for the protection of the public.

Where a licence is revoked no new charge is laid against the licensee, nor is he sentenced to any new term of imprisonment. The warrant that is issued for his apprehension requires him to be brought before a magistrate and requires the magistrate to commit him to the institution from which he was released on licence, there to continue to serve the balance of the sentence that he was serving when he was released on licence.

TRANSPORT

STATEMENT ON ALLEGED USE OF FOREIGN PILOTS WITHOUT CLEARING CUSTOMS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of National Revenue if he has an answer to the question I addressed to him the other day concerning the practice of customs officials with regard to the pilots of foreign ships on the great lakes.

Hon. George C. Nowlan (Minister of National Revenue): I have not an answer prepared in that regard, but in general the practice of the department, in furtherance of the legislation made in that behalf, has permitted pilots, as well as shipping masters operating on the great lakes, to leave their ships from time to time, regardless of the hour of the day or night at which the ship might be calling at the port.

The reason for this is obvious. Very often the ships do call at a time when customs officers are not available and this permission, this right if you like to call it that, has been accorded to pilotage officers for many many years. It is a right to which is attached very substantial penalties if any violation of the law occurs. The honour system is applied, to some extent, with respect to pilots, but if the honour system should be violated in any way there are substantial pecuniary penalties imposed on the pilots and they also forfeit their licences.

From time to time this may cause some difficulties, in circumstances such as those mentioned by the hon. member, when there is some conflict between groups in this particular area. Certainly if the law is to be applied, it has to be applied to all pilots. I would not think it would be a very happy

situation if the law were changed so as to require pilots to only come ashore at times when customs officers were available. This would be a distinct departure from the practice which has prevailed throughout the years, and one which I doubt would be welcomed by the hon. member or by the great number of men who would be affected.

The department is watching the situation carefully. If any reason occurs for a change —and it might—then a change will be brought in by means of appropriate regulations or by legislation. Of course it will have to be applied to all pilots, from the Atlantic coast to the Pacific coast, and not just to those in any one area.

SHIPPING

BRITISH COLUMBIA—TAXATION OF WHARVES AND BOAT HOUSES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Justice. I apologize for not giving him notice, but it has just come to mind. In view of the urgent importance of this matter to some of my constituents, could the minister inform me when he will be able to give me an answer to the question I asked with respect to provincial taxation on wharves and boat houses, which was asked on May 22?

Hon. E. D. Fulton (Minister of Justice): I thought I might be able to give a reply right now. I hope to be able to do so tomorrow when I have relocated my notes.

IMMIGRATION

REPORTED DENIAL OF ENTRY TO CANADA OF DUTCH FAMILY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Is the Minister of Citizenship and Immigration now in a position to answer the question I asked some time ago about the Dutch family in Halifax?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I am afraid not satisfactorily. We have been trying without success to locate the son who is in Vancouver somewhere. Unfortunately he has moved about three times and left no forwarding address at any time. Although we have been trying hard we have not located him as yet.

RAILWAY ACT

AMENDMENT RESPECTING REDUCTIONS IN RAIL SERVICE

Mr. H. W. Herridge (Kootenay West) moved the second reading of Bill No. C-11, to amend the Railway Act.

He said: Mr. Speaker, the purpose of this amendment is to provide that the board of transport commissioners may, at the request of the interested municipality or municipalities, deal with any proposed reduction of service by any of the railways. My bringing this bill before the house was occasioned by recent action of the Canadian Pacific Railway in my constituency and in southeastern British Columbia generally. Before this debate is over I trust that I will be receiving the strong support of the hon. member for Kootenay East (Mr. McFarlane) and the hon. member for Okanagan-Boundary (Mr. Pugh) because I have been informed that a good number of their constituents are also greatly interested in this question.

The action which caused the concern in our district and which has resulted in my introducing this bill is first, the reduction of the service on the Kettle valley railroad by the Canadian Pacific Railway from a standard train service to the present Budd car service; and second, the curtailment to twice weekly of the service between Nelson and Penticton. That is the basis of the discontent that exists in the area at the present time.

So far as my constituency is concerned there is a unanimous protest against this action of the company. It includes members of all parties. That is why I rise to speak with such high hopes and great anticipation with respect to the final disposition of this bill. This afternoon I can truthfully say that I am speaking for thousands of persons who are members of all parties in my constituency and a good many others in the adjoining constituencies. These protests have been evidenced by meetings of chambers of commerce, trade unions, farmers' institutes and municipal councils to deal particularly with the reduction of service that I am going to mention this afternoon.

To indicate the type of protest that is being made at this time as far as chambers of commerce are concerned, here is a letter from Trail addressed to the vice president of the C.P.R. at Vancouver:

Dear Sir:

This committee of the Trail chamber of commerce wishes to express its protest against the recent curtailment of passenger train services to twice weekly between Nelson and Penticton. It is hoped that this is a temporary measure of short duration and that the regular services will be put into effect at an early date.

May we have your assurance on this matter.

Yours very truly,

A. S. Mawdsley,
Chairman,
Transportation, mail and freight committee,
Trail chamber of commerce.

Then I read another letter indicating the discontent of the Nelson chamber of commerce. It is addressed to Mr. N. R. Crump, president, Canadian Pacific Railway, Montreal, Quebec, and reads as follows:

Dear Sir:

The people of Nelson and district are far from satisfied with the passenger service of the Canadian Pacific Railway Company.

The Nelson chamber of commerce are continually receiving complaints about the inadequate train service of twice weekly and the lack of service on this run.

At our executive meeting held recently it was unanimously agreed that this chamber submit to you a request for resumption of daily service from Nelson to Vancouver and that something be done to provide for serving meals and also some sleeping accommodation.

We would very much appreciate an early reply regarding this matter.

Respectfully yours,

(Mrs.) E. Christiansen,
Secretary.

Then in addition to chambers of commerce the trade unions unitedly have opposed this reduction of service, as have farmers' institutes, hospitals and other organizations. I have received letters from a large number of people who are greatly concerned about this situation. To indicate the attitude of the hospitals I will quote one paragraph from a letter I received from Mr. E. M. Stiles, chairman of the board of Kootenay lake general hospital in Nelson. It is addressed to the Board of Transport Commissioners for Canada, Ottawa, Ontario and reads in part as follows:

Gentlemen:

At the last meeting of the board of directors of the Kootenay lake general hospital, the matter of the passenger train service here was of concern to members, and a resolution was unanimously passed protesting the inadequacy of the present train service, and asking that the board of transport commissioners be notified of this protest, and informed that the lack of service is an obstacle in the way of good patient care.

That same protest is supported by all the hospitals in the district, which find it extremely difficult during winter conditions to deal with patients who require transport to the coast and things of that sort. When the minister was in my district during the election and, I think it is safe to say, was doing his best to terminate my public life, he was met by a large delegation of businessmen in Nelson including representatives of the chambers of commerce, and also a representative delegation of trade unionists, and a brief was presented to the minister expressing the point of view of the persons who were making these representations. Although it is a lengthy brief, Mr. Speaker, I think I cannot do better than put this brief on the record because it very well covers the whole situation.

I might say that this brief is the work of two or three members of the international union of mine, mill and smelter workers in Trail who took the time really to probe into the question and to compile or assemble these facts for presentation to the minister. It was generally recognized throughout the district, after its publication in the local press, as being the best of the representations that were made on the question. These men who had drawn up this brief as the result of a considerable amount of work received congratulations from people all over the district. When people approach a problem in a constructive way and do not just sit back and howl but do something to present a case; when they use their time and their ability to present a certain situation to the minister, as these representatives did for the district as a whole, I think their efforts should be commended.

While the brief is long I am going to put it on the record, because I think in that way I can best bring to the attention of the house and the minister and the many other people who read *Hansard*—and there are a great many people who read *Hansard* in my district —what has been done, and in that way they will have a permanent record of the efforts of these people and of the situation complained of at the present time. These representations were made to the minister, as I said before, during his brief visit to my district when he was personally concerned about my return to this house. Anyway, this is the brief.

The paper I am reading from is the Trail *Daily Times*, which is a Conservative paper interested in this question as are all the other papers in the district, and is owned by a very close relative of the Minister of Public Works (Mr. Green). It states as follows:

Local 480 Presents Brief to Hees

Local 480 of the international union of mine, mill and smelter workers today presented a brief to transport minister George Hees at Nelson calling for the resumption of daily service on the Kettle valley line between Penticton and Nelson.

The brief, presented by local 480 president Al King of Trail, also protested the Canadian Pacific Railway Company being given any further franchises, such as air franchises, ". . . when they apparently wished to curtail services to the public in areas where they hold an exclusive railway franchise, as they do in the Kootenays."

The text of the brief follows:

"Trail and district smelter workers union, local 480, of the autonomous mine mill and smelter workers union in Canada welcomes this opportunity of placing before you in your capacity as Minister of Transport some of the grievous problems that have been and are afflicting this general area of

east and west Kootenays in the province of British Columbia, concerning the curtailment of railway services."

I might explain at that point that this brief received unanimous endorsation at a conference in Nelson of representatives of the trade unions in Kootenay east and west just prior to my leaving for Ottawa.

"We have appealed to the provincial government, and Mr. Wicks, who serves in the dual capacity of minister of labour and railways, has advised us to place the matter before the federal authorities. This we suspect as being more in the spirit of buck-passing than in any genuine interest of helping resolve our problems.

As is generally well known throughout the entire world, the east and west Kootenay, whilst not too heavily populated, is rich and valuable in readily available natural resources. By comparison with the hundreds of workmen who produce the primary and raw materials from this rich area, thousands of jobs are made possible in the manufacturing and processing industries of the North American continent originating from rich resources of the bountiful Kootenays.

One company alone, namely the C.M. and S., which is the major base metal producer of the area in the year 1956 handled a total of 2½ million tons of freight, incoming and outgoing, from its Trail plants. The Sullivan mine at Kimberley, the Bluebell mine at Riondel, and the H.B. mine at Salmo also would make substantial additions to that figure. Many other producing mining companies operate in the Kootenays as well.

Tons of Material

Over the rail lines into and out of the Kootenays flow millions of tons of ores, concentrates, base metals and precious metals, as well as fertilizers, both in solid and liquid forms, to say nothing of the vast supplies of machinery and equipment necessary to supply this flourishing industry.

The west Kootenay is also the centre of a rich and substantial logging, lumber and forest products industry. One of the largest match companies in the world, the Eddy match company, have just recently acquired holdings in the area, which speaks well of the Kootenays as a producer of valuable wood and forest products.

Certainly no one can deny that in the 50 or 60 years since the C.P.R. rail through the Kootenays was established, the steady growing revenue through the increased productivity of the whole area has been a source of considerable satisfaction to the one Canadian railway company that holds the trans-Canada rail monopoly in this area.

C.P.R. Service

Accompanying the general increase over the years in the volume of freight, it is safe to say that there has been a considerable reduction in passenger service, and, whilst to some extent the general trend of public travel has been to individual vehicular traffic, this union will always insist, and does so now, that adequate rail service should be provided at all times."

I might say that in this respect the union is supported by all people and all organizations in the district I have the honour to represent.

"This is probably more necessary during the winter months when mountain conditions force many people to rely on the railway for transportation. It is many years now since rail passenger service was completely discontinued into sideline points such as Rossland, Trail, Slocan valley, etc. Main line passenger service, however, is an entirely different matter.

In November of 1957, and apparently with the blessing of the ministry of transport, the C.P.R. summarily removed sleeping and dining car facilities for travel to and from the Kootenay area. We claim this is a rank injustice and that the Minister of Transport should require them to re-establish the former service. We do so for the following reasons:"

When that was written the union overestimated the minister's powers according to the law, and has since found the matter was not quite as they thought at that time.

Considerable numbers of people, both adults and children, are forced to travel to the larger centres, Calgary or Vancouver, for specialized medical and surgical treatment. To these people, railway facilities present the only opportunity for travel as bed patients on a daily seven days per week basis, air line travel being not only uncertain, but in some cases not suitable for an ailing person. All other possibilities such as road travel are too severe a hardship for such unfortunates.

In this respect I might say that during last winter I believe planes where unable to land in my constituency for a period of not less than 80 days.

"Need Man Here

The workmen's compensation board of B.C., despite this union's efforts to have an examining office stationed in the interior, still requires all those in need of special examination or treatment among their claimants to travel to Vancouver.

A similar situation confronts the disabled veteran who is obliged to enter the Shaughnessy military hospital at Vancouver and who heretofore could also travel in the relative comfort which the C.P.R. alone has been, and is, in a position to provide. We urge you, sir, to make this a responsibility of this company and to order the immediate resumption of sleeper and dining car service."

In that respect I would mention that I know of one or two cases of veterans who were seriously ill and whose transportation to the coast had to be delayed because it was not possible to use this service.

"In January of this year, ostensibly to protect the train crews and the public from alleged Doukhobor bombings, a further reduction in service was brought about when the daily passenger run was reduced to two days per week, each way. Although this union is as concerned with the safety of the railroad workers and the general public as any other group, we are not convinced that this severe cut in service is warranted."

I might mention that the railroad workers wholeheartedly endorsed this brief and its presentation to the minister.

"Possibly because of an incident of some years ago when an employee or agent of the railway company was implicated in a terrorist act, many people suspect that all of the uproar and suspicion attached to the Sons of Freedom sect of the Doukhobors is mere subterfuge and that they are being used as a convenient excuse that at this time suits the economic outlook of the Canadian Pacific Railway.

In this connection, it is worth observation that there has been no reduction in the pay load traffic

and the question is naturally asked—is the C.P.R.'s concern for its passenger run crews genuine when they appear to ignore the safety of the personnel on the freight runs?

Instituted Embargo

We have been informed by various farmers and poultrymen in the west Kootenay area that the railway has instituted virtual embargoes on the shipments of livestock and poultry. Indeed one of our members, a pigeon fancier, has protested to this union that he and his group can no longer transport their racing birds by rail and that the only alternative, truck travel, is unsuitable to their needs. Surely this is going too far when groups such as this are so sorely inconvenienced by a whim of the C.P.R.".

I might say in this connection—

An hon. Member: From what are you reading?

Mr. Herridge: I explained at the start that I was reading from the Trail *Daily Times*, which is a Conservative paper owned by a very close relative of the Minister of Public Works. I might mention on this last point that there has been, I think, some remedy with respect to the matters complained of by the pigeon fanciers' association and the canary breeders' association, which are the only ones in my district who had redress for their grievances.

"Here again this union maintains that the needs of the Kootenays are being entirely ignored by the C.P.R.'s apparent refusal to give service for which their franchise was granted to them to the exclusion of all others and that they are not living up to their commitments to this community and therefore the country as a whole.

We urge you, Mr. Minister, to use your power in such a way as to redress all these grievances and force the Canadian Pacific Railway to provide these necessary daily services, upon which the people of the whole southern interior of B.C. depend.

Unemployment

As a union we cannot ignore the fact that these moves aggravate the mounting unemployment problem in Canada and this area in particular. We maintain that from this viewpoint alone, the Canadian Pacific Railway has a responsibility in the general economic welfare, and that by maintenance of adequate service between fifty and one hundred workmen would again be gainfully employed.

Canadian Pacific Airlines

Your government recently saw fit to bring to an end the sole right of the Trans-Canada Air Lines to provide east and west air travel, which the Canadian Pacific Company, among others, after pressing for many years, hailed as a proper move in the so-called free enterprise of our nation. We cannot refrain from commenting here that in areas such as the Kootenays, where the Canadian Pacific Railway is apparently engrossed, apart from all considerations of the public welfare in cutting service, their entry into the trans-Canada air travel field is unearned.

We feel it only fair to say that as a union we oppose this company being given further franchises when they apparently wish to curtail necessary services to the public in areas where they hold an exclusive railway franchise, as they do in the Kootenays.

[Mr. Herridge.]

100th Birthday

As you know, Mr. Minister, 1958 is a proud year in the history of the province of British Columbia. We are celebrating our 100th birthday—100 years of dynamic progress in productive and cultural contributions to the welfare of our nation, and our people.

It is somewhat ironic that precisely at this moment the C.P.R. seeks to turn the clock back instead of forward. Instead of looking forward to improvements in rail travel, in step with our general progress, the C.P.R. blithely institutes retrograde actions, such as they have instituted in these recent months.

Throughout the whole of 1958, it is anticipated there will be thousands upon thousands of visitors to every part of the province where the great centennial events are being programmed. We ask you sir what their estimation of B.C. as a thriving province, would be when our visitors are forced to endure rail travel of the nature that is presently available to them through the courtesy of the Canadian Pacific Railway, who advertise themselves throughout the world as the world's largest and most progressive travel organization.

On behalf of our union, and indeed the union men and general public of this province, we urge you to use your power to ensure that these conditions be rectified, and soon.

Mr. Speaker, I have read at considerable length from this brief because it deals with the question very thoroughly. As I said earlier, it has attracted much favourable comment throughout the district and of course has received very large support.

When the brief had been presented to him, and when representations regarding it had been made—and I am informed that the minister appeared to the delegation to be a very likeable person,—he replied to the delegation with these words: "I have no power to tell the Canadian Pacific Railway what to do". I understand that according to the law as it stands at the present time that is so. That was when the minister agreed to talk to Mr. Crump of the C.P.R.

A long time has passed since the hon. minister had this opportunity to talk to Mr. Crump. I am sure that after he said he would discuss this matter with Mr. Crump and the members of the transport commission he did do so, but the same situation exists. There has been no improvement whatever. We still have to put up with this bi-weekly service between Penticton and Nelson, and with the Budd car.

It is admitted that the Budd car service is somewhat more rapid; it is a very nice day coach, one might say. But the service is not sufficient, and the Budd car does not provide sufficient conveniences for older people, people with children, people who are ill and others who for various reasons cannot easily sit up in a day coach on the journey between Vancouver and Lethbridge, for example.

As far as food is concerned, one has to rely upon a boy who comes along periodically.

Sometimes he brings with him cups of coffee which he takes on at the stations together with some sandwiches which, on occasions, can be very dry indeed. I have travelled when there have been no coffee and no sandwiches; the rations have been entirely depleted because of the number of people travelling.

The C.P.R. will argue that the traffic does not warrant a better service, but what the C.P.R. is doing is actually reducing the traffic by making the service most unpopular. Everyone who can do so is travelling by some other means.

However, we in the Kootenays do not wish to be unfair. No one can expect companies to do the impossible, but this happens to be a very profitable section of the railway as a result of the hauling of ores from Kimberley and other mines to Trail and then the hauling of manufactured products from Trail to the coast and to other points in Canada. It is a profitable section of the road, and we feel that an area producing such a great amount of goods and such revenue for the C.P.R. should not be deprived of greatly needed rail facilities.

I am not going to elaborate at much greater length because I think the brief explains the situation quite well, but I do want to indicate that all this discontent is the cause of my having been asked to introduce this amendment to the Railway Act in order to give the board of transport commissioners the power to provide to municipalities concerned and affected by reductions of service such as I have described the opportunity to make representations to the board, and making certain that no company can reduce services without first hearing representations from the municipalities concerned.

Under the law as it now stands the railway companies are required to make application for a hearing only when they are going to abandon a service. They can reduce the service without making any application to the board of transport commissioners. This bill makes it necessary for them to make an application to the board of transport commissioners before being empowered to reduce a service, and makes provision that the board of transport commissioners should hear representations from the municipalities concerned in the area where the reduction of services is proposed.

I am sure the minister has a good picture of the situation with which I have been dealing, and I trust he will support this amendment to the Railway Act. It would mean a great deal not only to the people who are presently concerned in southeastern British Columbia, but to people in other parts of Canada.

I trust hon. members in this house generally will also support this bill as being to the general advantage of the people of Canada. While the Kootenay area suffers at the present time because of the lack of power vested in the board of transport commissioners, a good many Canadians in other parts of the country have suffered in the past because of the lack of these powers. Let us protect the rights of the people in the future by adopting this modest and, I think, very fair amendment to the Railway Act.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am sure the house has been very interested, as I have been, in listening to the comprehensive outline of this situation given by the hon. member for Kootenay West.

As he has said, when I was in his riding in the course of the past election campaign I met with several delegations who put to me very strongly their objections to the curtailment of the Canadian Pacific Railway service in that area. I was very interested in what they had to say and, as the hon. member has stated, I promised I would bring their point of view personally to the attention of the president of the Canadian Pacific Railway, Mr. Crump.

When I got back to eastern Canada I did so in some detail, and spent some time talking the matter over with Mr. Crump. He told me in some detail also why the Canadian Pacific had found it necessary to adopt the course it did in curtailing these services. This is a highly important matter, particularly to the people in the district, and because of its importance I have also discussed the matter at quite some length with the board of transport commissioners.

Before dealing with the hon. member's bill I would like to deal with the question of the curtailed Canadian Pacific Railway service in the district. I believe I can do that most quickly and effectively by reading a letter written on June 9 by Mr. A. LeSage, assistant director of operation, of the operating department of the board of transport commissioners, addressed to Mr. F. T. Collins, special assistant and secretary to the minister, Department of Transport, Ottawa, Ontario. The letter is as follows:

Dear Sir:

Reference to your request for some general information on the train service Vancouver-Penticton-Nelson-Lethbridge, Canadian Pacific Railway.

The route travelled by these trains, is known as "Kettle Valley-Crowsnest route". It leaves the main line at Katz, British Columbia, 84 miles east of Vancouver and follows the Coquihalla pass in a southeasterly direction to Penticton and then easterly close to the American border to Nelson, B.C.; continues in a northeasterly direction to

Lethbridge, Alberta (Calgary connection) and thence easterly to Medicine Hat where connection is made with the C.P.R. main line.

Through the years, a daily passenger train has been operated in both directions between Vancouver and Medicine Hat over this route with dining, sleeping car, express and mail service included.

The advent of improved highways brought through bus service and encouraged privately-owned automobile travel. Air service was introduced between Vancouver and Cranbrook with stops at Penticton and Castlegar. The railway in an effort to meet the growing competition and develop new business, experimented with rearranged train schedules and local trains to and from the larger centres were added. However, the results obtained did not prove sufficiently productive to justify the heavy expenditure and the local trains were removed.

The construction of the Hope-Princeton highway opened November 1, 1949, effected an approximate 145 road mileage reduction between Vancouver and Penticton and made all of the Kootenay area readily accessible to Vancouver. Fast and frequent service over this new highway made serious inroads on rail traffic and the railways were again forced to seek ways and means to reduce operating deficits.

A study of the economics of the service was undertaken by the company's department of research, as a result of which it was decided to replace the convention equipment (handled by steam powered trains) with rail diesel equipment as soon as the latter could be acquired from the manufacturers.

It was felt that this proposal would make possible a reduction of the running time between Medicine Hat and Vancouver by several hours and provide connection at Medicine Hat, Alberta, with the fast main line service recently inaugurated by the Canadian. This new schedule require a night operation between Penticton and Nelson and removal of sleeping car, dining car, express and mail services. Express service would be provided by highway trucks. Coincidental with this change, steam operated trains between Medicine Hat and Lethbridge would be withdrawn and the rail diesel equipment operated in this area on essentially the same schedule as the trains to be withdrawn.

Advice of the company's intention to make the above change, was given to this department of the board in June, 1957, and confirmed in August of that year, along with advice that the change would be made effective on October 27, 1957. Advice to the public, in accordance with the board's requirements, was to be given at least 20 days prior to the change.

In anticipation of public disapproval of the company's proposal, the board's field inspector was directed on August 22, 1957, to travel on the trains then in operation and report on the traffic handled and express his views on the public reaction to the company's proposal, so that the board would be in a position to assess the situation and deal with complaints if any, when received. A check was also made of the patronage attracted to the new service immediately following its introduction on October 27.

The changeover was effective October 27, without public disapproval. The first complaint to reach the board was on November 15, 1957 and dealt with the lack of express service for the carriage of livestock on the company's express trucks. This and other complaints of a similar nature were received and dealt with and a solution satisfactory to the shippers arranged. The next complaint which was of a general nature, was received from Mr. Herridge, M.P. on January 30 and reply provided on February 14.

[Mr. Hees.]

Copies of the letters above referred to are attached. I continue:

Incidentally, it might be of interest to note here that Mr. Herridge, in a telephone conversation with the writer early in January, commented favourably on the improved through service provided by the company to this area, after introduction of the rail diesel service, which provided connection at Medicine Hat with the "Canadian".

On January 15, 1958, a passenger train was derailed as a result of the track being bombed out near Fife, B.C. (76.9 miles west of Nelson, B.C.). This incident combined with other bombings and the use of contact mines on the company's trackage in the Kootenay area, moved the attorney general of the province of British Columbia, after consultation with company and railway labour organization officers, to recommend that the company suspend all night rail operation through the area between Nelson and Penticton.

As a result, arrangements were made to operate during daylight hours when regular maintenance of way forces were available to provide track patrols and since these employees work a five-day week, it resulted in a Monday to Friday passenger train operation between Nelson and Penticton on the following schedule:

Lv. Nelson	7.30 a.m.
Monday & Thursday	
Ar. Penticton	5.00 p.m.
Lv. Penticton	7.30 a.m.
Tuesday & Friday	
Ar. Nelson	4.45 p.m.

The above service was made effective at 12.01 a.m. February 5, 1958.

Effective with change of time April 27, 1958, the above schedules were changed as follows and are still in effect:

Lv. Nelson	7.00 a.m.
Monday & Thursday	
Ar. Penticton	3.20 p.m.
Lv. Penticton	8.00 a.m.
Tuesday & Friday	
Ar. Nelson	4.15 p.m.

It will be noted that prior to this change, no complaints reached the board other than those above mentioned in respect of handling express traffic. However, immediately the above change was placed in effect, complaints were received and the board's district inspector was instructed to visit the area, meet all interested parties at prearranged places, on certain dates and times and report on the situation. The inspector's report was placed before the board on March 21, last.

The board's investigation disclosed that since the company was obliged to operate through the trouble area during daylight hours, the through connection between Medicine Hat and Vancouver would have to be broken at Nelson and Penticton. It was further evident that any increase in this service would also have to be an interrupted one, thus discouraging public patronage. It was also hoped that this condition would be of a temporary nature, since we were advised that the attorney general of British Columbia was continuing a thorough investigation and it was sincerely hoped that a solution would be reached before long.

The summary is as follows:

1. The service inaugurated on October 27, 1957, appeared to be working out satisfactorily.
2. The action of the lawless element prohibited the company from using its property for the purpose for which it was constructed.

3. The present service is unsatisfactory because—

To the company:

(a) It is unable to get full utilization of the costly equipment recently purchased to serve this area.
(b) Profitable operation of this equipment is dependent upon its continuous operation.
(c) Railway operation, both passenger and freight is unsatisfactory and costly.

To the public:

(a) The cities of Nelson and Trail are inconvenienced because through freight and passenger service to Vancouver is disrupted.
(b) Vancouver is the natural market and social and cultural centre for these cities.

Solution of the problem would appear to be dependent upon the success of the province of British Columbia in making this territory safe for continuous rail operation.

Yours very truly,
(Signed) A. LeSage,
Assistant Director of Operation.

I would like to deal briefly with the bill itself, Mr. Speaker. While I appreciate the concern of hon. members when railway companies find it necessary to reduce train service, I must at once say that I do not see how this amendment will give any more protection to the public than already exists.

The explanatory note to the bill states that the purpose of the amendment is to provide that the board of transport commissioners may, at the request of an interested municipality, deal with a reduction or proposed reduction of train service.

I have discussed the amendment with the board and its opinion is that the Railway Act already gives the board jurisdiction to prevent unwarranted reduction of train service and to entertain applications and complaints of municipalities and other interested parties regarding the adequacy of existing train service and any changes that may be proposed. In a word, the board considers that the amendment would not give to it powers that it does not now hold.

In support of this position I would point out that section 315 of the Railway Act requires railway companies to receive, carry and deliver traffic and to furnish adequate and suitable accommodation for the carrying of traffic. By virtue of sections 33, 36, 315 and other provisions of the Railway Act the board also has jurisdiction to make orders and regulations respecting train service; to require railway companies to furnish adequate and suitable train service and to prohibit them from reducing service below that standard.

I believe it is well known to hon. members that the board is continually exercising the powers it has in connection with reduction of passenger train services. I have before me a copy of the board's circular No. 275, dated June 16, 1953, which directs that 20 days prior to a reduction or other change in passenger service, railway companies subject to its jurisdiction shall post at ticket offices and stations a notice of such change, and as well shall, concurrently with the posting of the notice, place in the hands of agents for the information of the public a circular giving an outline of the change. It is also required that a copy of the circular shall be forwarded to the board. I have this circular No. 275 and I should like to read its contents to the house:

Board of Transport Commissioners for Canada
Circular No. 275

Ottawa, June 16, 1953

File 24942—Reduction of Passenger Train Services

In all cases of reduction in passenger train services and to provide sufficient time for investigation and consideration of submissions of all parties, the board directs as follows:

That all railway companies subject to the jurisdiction of the board, in addition to the announcements and the advertising now done by the railway companies, shall post at all ticket offices and stations, 20 days prior to any reduction or other change in passenger train service, a notice reading:

"Change of time will be made . . . For particulars apply to ticket agent."

Co-incident with the posting of this notice a circular giving an outline of the change shall be placed in the hands of agents for the information of the public and a copy shall be forwarded to the director of operation of the board in Ottawa.

Circular No. 139 dated January 13, 1915, and circular No. 208 dated December 3, 1925, are hereby rescinded.

By order of the board,
C. W. RUMP
Acting Secretary,
Board of Transport Commissioners for Canada

I want to emphasize that in all cases where the board is notified of a change in service and complaints are received the whole situation is thoroughly reviewed and indeed it is not unusual for the board to direct the railway to defer the proposed reduction pending investigation. For instance, 44 applications dealing with major reductions or discontinuance of passenger and mixed train service were dealt with during the year 1957. These applications were investigated on the ground by district inspectors of the branch, accompanied by headquarters officers in some instances and after consultation with the parties affected, reports and recommendations were submitted to the board. Several complaints from the public pertaining to inadequacy of train service were also dealt with in a similar manner.

I think it will be clear to the house from what I have said that the board does have the right to deal with the reduction of train service and that it does exercise its powers. I can assure the house that all the factors

involved are carefully considered by the board and that the public interest is of paramount concern to the board in reaching a conclusion. In the circumstances I must advise the house that the government is opposed to the amendment.

Mr. A. E. Robinson (Bruce): Mr. Speaker, I wish to make a few remarks on the second reading of this bill. I appreciate the feelings of the hon. member for Kootenay West (Mr. Herridge) in moving it. He is not alone in his problem. I understand that the line he has been referring to is a Canadian Pacific line. Up in our district we are served mostly by the Canadian National. I agree with all the remarks made by the minister. I have found out that the board of transport commissioners did for us up in Bruce just what the hon. member for Kootenay West is now asking to have done by this amendment to the act.

If there were a clause in the amendment along the lines that the board of transport commissioners should look into their findings a little more closely in connection with giving service to different communities I would be all for it. In our district we have found that after a railroad has lost the business they attempt to cut off the service. I am not finding fault with the officials of the railroad; they are there to do a job. The only thing I am finding fault with is the findings of the board of transport commissioners.

In our case we had a paying line at a time when the railways in Canada were not paying their way. Through mismanagement of some sort the railways lost their business to other types of transportation and now they have decided to curtail our services. I would say that such curtailment is just another move toward centralization which has been going on for the last 22 years as far as any government leadership is concerned. The height of irony is the fact that we are losing our service; after having our lines pay their way for a great number of years we are to be called on to contribute our share of the subsidy to the Canadian National Railways. If that is not adding insult to injury I do not know what it is. I agree with the minister's remarks that this amendment would not help the act at all.

I should like to put on the record my view that the board of transport commissioners are not exercising the judgment that should be used in dealing with this problem. I have no further remarks to make except to say that I cannot see any merit in the amendment.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, it is so many years since the constituency of Athabasca has been represented in this house in any manner which has been satisfactory to the people that I think I had better tell you where Athabasca is.

Mr. Pickersgill: Shame.

Mr. Winch: How about discussing the bill before us?

Mr. Bigg: We will get to that. Athabasca is situated in the northeast corner of Alberta and covers 60,000 square miles. This area is poorly serviced at the moment by any form of transportation. We, in Athabasca, feel that transportation is of vital importance because this area forms the gateway to the north. Many pioneers have gone into this vast territory on their own and they feel that Canada, now that she has vast resources at her disposal, is in a position to give considerable support to the development of the north country. Many of these people have taken the initiative and have given their whole lives to the development of this country. Now, they look to us to give them support.

One of the most important means of transportation is, of course, the railway. Arguments have been presented to the effect that the railways have outlived their usefulness. Consideration is being given to the closing of many branch lines, while many others will have their service curtailed. Let us not be hasty about this. The whole economic situation in Canada is changing rapidly. We do not intend to spend money like drunken sailors, but we must plan our transportation services. The question here is, first of all, whether or not railroads should be built into that part of the country. We in Athabasca believe that rail lines should be built in there, and particularly from the McMurray district northwards. This railway would serve not only the known resources in there, but would be available for future development.

So far as the servicing of the industries now in the north are concerned, we have a very active railway to Fort McMurray, at least to Waterways, which is the Fort McMurray end of the line. This railway is known as the Northern Alberta Railway, and is a joint venture of the Canadian National and Canadian Pacific railroads. There is considerable tonnage passing over the line, in fact the annual report shows it is a paying line. Again, I do not want to jump to conclusions because when we say "paying line" we mean that the books balance; we mean that on paper this part of the line pays.

As we all know, our railroad companies are operated as companies. Even the government-owned railways are operated as crown corporations, and they have to balance their books. This balancing of the books does not necessarily mean that the lines pay.

However, I do not think we can always assess our national effort in terms of dollars and cents or, what you might call "paying lines". We certainly cannot look at the results on a mere day to day basis. It is not of much help to look back, either. Some lines have been built where they should not have been built, and some lines should have been built which have not been built. We must not neglect the long-term view. I agree that we must balance our books, in the short-term view, but my fear is that in doing so we may be overlooking the most important thing of all and that is the solid economic future of our country.

If we plan with the same forethought as our ancestors, I feel we will achieve the same results. When we build these railways into the north we have to be bold but we also have to be careful to make sure we do not waste the taxpayer's money. We have to attempt to strike a balance between sound economic principles and dreams. I do not think the development of the north country is any idle dream. I have been there, and I have seen some of the potential.

In Athabasca, just north of McMurray, there is one of the greatest oil deposits in the world. It is true that this oil is trapped in sand and we are only now reaching the point where this oil can be freed from the sand by an economic process. Nevertheless there is no doubt that, given time, this process will become economically feasible. According to conservative estimates there are 200 billion barrels of oil trapped in these sands. It does not take a great deal of imagination to realize that if our supply of oil from the Near East, from Venezuela or any other place were to be cut off, the tar sands of Alberta would become not only of national but international importance. Whether or not the building of a railway into that section would speed up that process, I am not sure. However, I know that if the tar sands are developed a rail linkage will be required.

This railway to McMurray already carries the great bulk of the freight going into the north. As I said before, according to the books it is making money. If we extend these facilities farther north I think they will also contribute to the solid development of Canada. This railway at McMurray is the closest rail line in Alberta to the Canadian shield. The mineral resources of that shield have only been scratched. People who are conversant with railroads know that mineral areas are considered to be one of the finest sources of revenue for railroads. If we are only looking at the dollars and cents angle then railroads which are built to mining areas are the railroads which pay.

Now, Mr. Speaker, it is not the attitude of this member, nor is it the attitude of the members of this government to take a parochial or even a provincial view. If there are places to which this particular railway should go in order that the country will be better serviced, I would be one of the first to give the matter consideration. The final decision will not be mine. But when the final decision is made I shall have made all the attempts possible to present the government of this country with impartial facts on which they can make a decision where to place this railroad for the greatest good of the people of this country.

In case my questioner from British Columbia asks me what this has to do with curtailment of railroad services, I must say that we cannot be sure that any railroad will pay for a long period of time or that it will pay better than the building of adequate roads. In the whole of Athabasca we have 24 miles of hard-surfaced roads. Today hard-surfaced roads are essential. Hard-surfaced roads are very effective for increasing the economic welfare of any community. When I say that we need many miles of hard-surfaced roads I do not mean that we do not need a railway. However, it is possible that the expenditure of money on hard-surfaced roads would be more economically sound at this time. That we shall need a railway into the north country to carry minerals in the future, I have no doubt. But whether we build it this year, in five years' time or in 25 years' time is something that will depend on the economic necessity. I do not know what is going to happen to the price of base metals. If the price of base metals went up rapidly, great impetus would be given to the immediate development of these projects.

I merely want to point out that the curtailment of services or the expansion of services on the railway today is something which requires a great deal of thought and a great deal of planning. Since coming to Ottawa I have taken certain steps to look into these matters and I have found on the part of the railways a spirit of co-operation which surprised me. I found that they are very careful indeed in assessing all the factors, although I also found that they were hard-headed businessmen, that they liked to see books balanced and liked to see a good yearly report. Amongst these men I found capable engineers and men of vision who look upon the railway problem as just another national problem. They look upon it—as one of the members of the opposition said the other day—as part of a great jigsaw

puzzle. They are responsible for one of the component parts of this puzzle and they are doing as good a job as we can expect them to do under the circumstances.

When business is good and traffic is heavy, the railroads make money. When business is bad and traffic is light, of course they appear to lose money and they do so. But I have found that they are willing, as are we, to look upon the matter from a long-term point of view; and if we can show them where the plans for the future will justify the extension of railways I am sure that they will be only too willing to accept their part of the responsibility. Where we are willing to put forth the money to extend railways into uneconomic territories, they will try to operate those railways as efficiently as possible. It is up to us here in parliament to decide where these railways will go and who will have to pay the bill. The C.N.R. is set up as a company but it is our company. If it loses money, we lose money. If it makes money, the whole country is better off.

To get even closer to the point of whether or not we should curtail services, may I say that we have a branch of the C.N.R. extending out of Edmonton to the east to the north of the Saskatchewan river, and it ends up in a village called Heinsburg. Another branch of the C.N.R. comes west through Saskatchewan and ends up at a place called Frenchman's Butte, 38 miles distant. This railway therefore has a gap of only 38 miles. If you want to carry farm machinery from Winnipeg to Heinsburg it is necessary to go by way of Edmonton, to shunt your box car and to take the box car back east a total extra distance of 328 miles. On the other hand, if you want to ship anything from Heinsburg to Winnipeg, you have to go west to Edmonton and back to Winnipeg. The people who live in there naturally feel that this is an unnecessary burden placed directly upon them and their personal exchequer. It is hard for them to see why a great railway system cannot close a 38 mile gap and give them what would obviously be far better rail services.

Looked upon from their point of view, there is no question that that gap should be closed. We have to decide whether, as a people, we are going to be able to give them that added facility regardless of the economic book balancing. A good many of these people went in there on the expressed promise of the then government that these facilities would be given to them. The vision of the development of the northwest—

Mr. Herridge: I rise on a point of order, Mr. Speaker. I have listened with a great deal of interest to the hon. member. During that period in which I was listening I was thinking that he would finally come to relate his remarks to this bill. However, I should like to bring to your attention, Mr. Speaker, the fact that the remarks of the hon. member so far are not related to the bill.

The Acting Speaker (Mr. Rea): I want to thank the hon. member for Kootenay West (Mr. Herridge) for bringing the matter to my attention. I have been listening and perhaps I was a little bit lax in the discharge of my duties in not drawing the matter to the attention of the house earlier. I should like to make this point. In the explanatory note in connection with the bill, near the bottom of it, we find this sentence:

> The purpose of the proposed amendment is to provide that the board may, at the request of an interested municipality, deal with such reduction of service.

That is the bill or the amendment we are discussing. I hope hon. members will try to keep themselves within the amendment contained in this bill in order that I shall not be obliged to call the matter to their attention again.

Mr. Winch: This is not a railway extension bill.

Mr. Bigg: Mr. Speaker, I shall try to relate my remarks more closely to the spirit of this bill. It has been suggested that this railway should not only be extended but that the service on this line be cut out entirely. I think it is hard to discuss the cutting out of the service on this line without going into some of the history behind the line itself. With a view to making the point, in order to strengthen the spirit of this proposal that this line should not only be continued but that there should be no thought at all of cutting it out on the ethical ground I have proposed. These people deserve this line and therefore no reduction in the service should be contemplated, because along this line we have a rich agricultural community; not only that, but underneath the soil are large deposits of salt—

Mr. Pickersgill: Oh, oh.

Mr. Bigg: —which would keep the world in table salt and salt to be used for all commercial purposes. The people of Athabasca, I might inform the hon. member for Bonavista-Twillingate (Mr. Pickersgill) do not think this is a laughing matter. Underneath the soil around Heinsburg there is a vein of salt from 80 to 200 feet deep and they have a mill there which sends out seven box car loads of salt per day. I wonder if the hon. member for Bonavista-Twillingate is aware of those facts.

An hon. Member: Let him laugh that one off.

Mr. Benidickson: I wonder if the hon. member was listening when the Speaker read the purposes of the bill.

Mr. Bigg: I am confining my remarks to whether or not the service on this line should be curtailed or should be discontinued. I think what I am saying is relevant to the question when, as I have said, seven box car loads of salt can come out of one village each day.

It has been suggested that this line be torn up and if that is done or the service discontinued this mill will close down and 50 families will have to leave the area and seek employment elsewhere. That I do not think is a laughing matter, and the people of Athabasca certainly do not think it is a laughing matter for they have sent me to Ottawa to try to do something about it.

Mr. Winch: Very well then, support this bill.

Mr. Bigg: To support this bill is correct, but as the minister has pointed out, the bill itself is unnecessary because the Railway Act covers the problem.

Mr. Winch: It does not.

Mr. Bigg: The act does cover the problem but my hon. friends will, I believe, have an opportunity to speak again, so in the meantime may I continue, Mr. Speaker?

Mr. Winch: On the bill.

Mr. Speaker: Go ahead.

Mr. Bigg: We have another rail line branching off from this one which ends at the town of Grand Centre. Grand Centre is the shopping centre for the Cold lake airport. From the east comes another railroad line where there is a gap of approximately 100 miles and the people of Grand Centre are faced with the same problem which they have in Heinsburg. If this railroad line also is torn up or the service is curtailed the people of Grand Centre will suffer in the same way. There are no all-weather roads as an alternative and I think this is relevant to the point under consideration because we are talking about transportation and a fair deal in transportation for all the people of Canada. The results of this bill would have to be paid for by the people of Canada and I think therefore that all the people of Canada, including those of Newfoundland, are interested in the welfare of every other province.

I believe this is a matter which is important, although I have only touched upon it very briefly because I do not now wish to take up the time of the house in view of the fact that it is obvious that it is the opinion of some people that I am stretching the railway question just a little too far. I will therefore express my views on this subject when a better opportunity presents itself.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, possibly before I launch into my observations on this matter, in view of the ruling which has been made and which of course I accept, sir, I might mention that I had intended to approach the matter in this way, that this bill appears to be appended to section 168 of the Railway Act, which reads as follows:

> The company—
>
> Referring to railway companies.
>
> —may abandon the operation of any line of railway with the approval of the board, and no company shall abandon the operation of any line of railway without such approval.

This bill, of course, refers to the right of a municipality to appeal to the board with respect to the curtailment of services. I will state what I have in mind at once, and that is that in considering this question of abandonment or curtailment the matter cannot be dealt with without a proper study and survey of the economic factors which justified the original construction of the line and of the route it follows. I wish to discuss, secondly, the question of the route of the railway which is now proposed on the basis that in my opinion if proper considerations are not given to the choice of route it might be necessary at some time to apply under the terms of the section I have quoted, either as it is now or as it may be amended, for the right to abandon or curtail such services. With defeference, if I am not in opposition to your ruling, sir, I would like to say that I had intended to confine my remarks to the question of a proper choice of route for the railway now proposed so that there would be no need for recourse to this particular section.

Mr. Winch: Mr. Speaker, I apologize to the hon. member but I rise on a point of order with respect to what he has just said. The bill before the house has nothing whatever to do with the routes of the railways or with abandonments. It has to do with only a reference of curtailment of services to the board of transport commissioners and with no other principle.

The Acting Speaker (Mr. Rea): I must once again direct the remarks of hon. members to the points contained in the explanatory notes, or hon. members may read the actual amendment. The hon. member for Vancouver East (Mr. Winch) is quite correct. This amendment pertains only to reduction of services. There is nothing to do with—

An hon. Member: And appeals to the board.

The Acting Speaker (Mr. Rea): —and appeals to the board. It has nothing to do with proposed lines or extensions or anything of that nature. It is strictly on the reduction of services.

Mr. Baldwin: May I say, sir, that I had only intended, in deference to your ruling to suggest that if proper care and caution were exercised in the selection of the route it would not be necessary at any time to apply for a reduction in services.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I have a great deal of sympathy for the intent of this bill. I am quite conversant with the part of the country concerned, having done a good deal of travelling on this particular line of the C.P.R. and I trust the hon. member for Vancouver East (Mr. Winch) will allow a little groundwork to be laid, having in mind my various trips on that line since I think my remarks will have some bearing on this debate.

While travelling on the Kettle valley line in 1945 and 1950 we had dining room services, sleeper services and even a club car. The train would always be crowded and it looked to me as though it was a very paying proposition. As the minister pointed out there were certain changes in the year 1949 contingent upon the opening of the Hope-Princeton highway, which reduced the mileage from Vancouver to the Okanagan valley by something like 150 miles.

Travelling on the same line in the fifties you could see the traffic dwindle to the point where, when I made one of my last trips in that direction, I think I was the only person in the car, and on the entire train there were exactly, as far as I can remember, four people plus the train crew. However, this train gave a needed service to Nelson, Penticton, Trail and smaller communities between those points. It has been replaced by a Budd car service, as the minister pointed out, and I believe the reduction in travel time between Nelson and Vancouver is, as a result, something like seven hours. I made one of the last trips on the old style equipment but I must confess I have not been on the new Budd car service.

Discussing this service with the people who use the run I found they were in a bit of a quandary whether the reduction in the time taken made up for the lack of facilities on the new system. I think the minister was quite right in saying that while the service was a daily service there was not too much to be said against the service given to the people of the Kootenays.

However, due to a radical sect, the Sons of Freedom, who must not be confused with the law-abiding Doukhobors—and there are a lot of Doukhobors in the Kootenays who are very fine citizens—the service had to be curtailed. The Sons of Freedom are a radical sect which has created a considerable amount of disturbance, to put it mildly, for the residents of the Kootenays, and that disturbance has resulted in the curtailment of the service so that it now runs, as we have been told, twice weekly going eastward and twice weekly going westward, those runs being timed during daylight hours. I have travelled along the highway, and there are certain sections of the highway which follow along the Coquahalla pass and which give you a bird's eye view of the construction of the Kettle Valley railway, and it must have been a very rough decision for the C.P.R. to decide they would run this train even during the daylight hours because, frankly, anyone going over it in daylight through the Coquahalla pass would not be likely to repeat the journey. It consists of innumerable short stretches of track jutting out on stilts, and innumerable short tunnels where a few sticks of dynamite could cause a very serious accident. Speaking for myself, I cannot blame the train crews or the railways for acting in the interests of safety by regulating operations on that line so that all running is done during daylight hours.

All this is, I believe, directed to the particular problem which prompted the hon. member for Kootenay West (Mr. Herridge) to bring forward this bill. With regard to the actual wording of the bill, the purpose of the proposed amendment, as you, Mr. Speaker have pointed out, is to provide that the board of transport commissioners may at the request of a municipality deal with reductions of services. Actually when the hon. member for Kootenay West was speaking to this bill, I believe he used the phrase the board "must hear representations" from the interested municipalities. But, in fact, according to the wording of the bill, the board "may entertain an appeal from any interested municipality or municipalities and may confirm, disapprove or vary such reductions of service" and so on. The whole intent of the bill is to make certain that the board of transport commissioners is aware of reductions in services and that they have investigated these reductions to see whether there is an injustice being done—whether the service is to be reduced to cut out, say, a petty loss rather than a major loss—whether, in fact, a railway should have the right to reduce or modify its service in a particular instance.

Under the Railway Act it seems to me—and the hon. gentleman knows I am no lawyer, but it seems it is not too tough to find out how lawyers work—this question

is already dealt with. In section 33, subsection 1, sub-paragraph (b) it says this with regard to the authority of the board:

(1) The board has full jurisdiction to inquire into, hear and determine any application by or on behalf of any party interested.

(a) complaining that any company, or person, has failed to do any act, matter or thing required to be done by this act, or the Special Act, or by any regulation, order or direction made thereunder by the governor in council, the minister, the board, or any inspecting engineer or other lawful authority, or that any company or person has done or is doing any act, matter or thing contrary to or in violation of this act, or the Special Act, or any such regulation, order, or direction, or,

(b) requesting the board to make any order, or give any direction, leave, sanction or approval, that by law it is authorized to make or give, or with respect to any matter, act or thing, that by this act, or the Special Act, is prohibited, sanctioned or required to be done.

In other words, it does seem to be pretty clear—

Mr. Winch: It is obvious you are no lawyer.

Mr. Broome: Does the hon. member wish to ask a question? Then, in section 36, it says —and I can go on to quote the whole of the Railway Act if you want me to:

The board may, of its own motion, or shall, upon the request of the minister, inquire into, hear and determine any matter or thing that, under this act, it may inquire into, hear and determine upon application or complaint, and with respect thereto has the same powers as, upon any application or complaint, are vested in it by this act.

I suggest that this again covers the field and allows the board to listen to any representations from municipalities, labour unions or anybody whatsoever who may wish to make any case before it. In proof of this contention is the fact that the minister read out a notice which the board requires the railway companies to post. It is a public notice, and there is only one reason for posting that public notice, namely that the public may know 20 days beforehand what the railway proposes to do, and the reason the public must know that length of time in advance is in order that they may be able to make any representations which they may care to make to the board of transport commissioners. In effect, therefore, the bill does not add anything to the powers which the board of transport commissioners now enjoy and, as the minister pointed out, if hon. members wish to find out the particular obligations imposed upon the railway they have only to turn to section 315 of the act, which states:

(1) The company shall, according to its powers,

(a) furnish, at the place of starting, and at the junction of the railway with other railways, and at all stopping places established for such purpose, adequate and suitable accommodation for the receiving and loading of all traffic—

And then it goes on, subsection after subsection pointing out what the railroad must do.

When you consider all these points, there is only one conclusion you reach and that is that what the hon. member for Kootenay West really wants to do is draw the plight of the Kootenays to the attention of this house and perhaps in a somewhat stronger way to the board of transport commissioners. But as far as the bill is concerned it adds nothing to what the board of transport commissioners has done in this case or to what they might do in any succeeding case.

The minister has pointed out that the board has its own men who travel the railway before and after a change in schedule. I think it is safe to assume they also check in detail with the municipalities that were affected by a change. The decision which was taken to curtail the service on the Kettle valley line was taken under circumstances that would make it extremely difficult for anybody to do other than what was done in this case. It would have been difficult for the board of transport commissioners to have investigated this entire situation any more fully than it did. Is it fair that the railway should be denied the right of changing or reducing its service in that area in view of the circumstances that obtained there, should the fruit shippers of the Okanagan valley for example help to carry the costs of a losing service?

One hon. gentleman who spoke previously referred to the part that is played by the railway in the development of the national resources of the country. You would expect a railway that was opening up new and untapped markets to have a pattern of constantly increasing revenue and traffic but the fact is that this particular line has sustained a constantly decreasing usage as far as passenger traffic is concerned.

I believe the governing factor must have been the actual bombings which took place and the railway in an effort to safeguard the lives of its employees changed the schedules to daylight runs. Several hon. members have indicated that there are alternative means of transportation including bus lines and airlines. Air transportation tends to be uncertain in winter but the points referred to in the presentation of the hon. member for Kootenay West are serviced by both bus and air lines. There was at least adequate rail passenger service prior to the complete elimination of the daily run.

As the minister pointed out, the railway wants to have its equipment in operation every day because it has invested in the

purchase of it. I am genuinely of the conviction that the change in schedule to twice-a-week service was made on the basis of the railway wanting to discharge its obligation in terms of exercising care for the safety of its passengers and employees. As a matter of fact, I suggest that this bill is completely out of order and without point.

Mr. Harold E. Winch (Vancouver East): I am grateful to you, Mr. Speaker, for having drawn to the attention of hon. members of the house the principle of the bill we are discussing. It deals solely with a provision for the board of transport commissioners to not only have power to hear representations on curtailment of service but power to deal with the same. The hon. member for Vancouver South (Mr. Broome) made a point of the fact that in the terminology of the bill now before us the word "may" and not "shall" is used. I am certain that hon. members will readily understand the reason for this. This bill proposes an amendment to the Railway Act which applies to all railways in Canada. There are a number of railways in this country that are publicly owned rather than privately owned and one notable example is the Canadian National Railways which could be loosely described as a crown company responsible to and financed by the people of Canada through the medium of the House of Commons and the other place. It is completely beyond the power of a private member to move an amendment to a bill affecting a crown company involving the expenditure of public moneys. I am sure the hon. member for Vancouver South now appreciates why the word "may" is used in this bill.

Mr. Broome: Would the hon. gentleman permit a question? Does the hon. member believe that I was trying to suggest that the bill should contain the word "shall"? That was not my point at all. I was merely suggesting—

The Acting Speaker (Mr. Rea): Order. The hon. member may ask a question but he must not anticipate the committee.

Mr. Winch: Mr. Speaker, the hon. gentleman raised that point and I thought he should be answered. I listened with a great deal of interest to the comments that have been made on this bill and in particular the statements made by the Minister of Transport (Mr. Hees) concerning reasons why curtailment of service in British Columbia should not be considered. The principle of this bill concerns all of Canada in relation to our transportation system. Under section 168 of the existing act it is clear that the board of transport commissioners has the authority to hold official hearings on the abandonment of lines and the power to make decisions concerning their abandonment.

It is obvious from what has been said that it is in the minds of some hon. members who have spoken—and I think I am correct in saying also in the mind of the Minister of Transport—that the board of transport commissioners has authority to hold official hearings and to make decisions concerning the curtailment of service. The present bill was introduced by the hon. member for Kootenay West following conversations and his being in receipt of legal advice and a letter which he received from the board of transport commissioners to the effect that it has no power to hold official hearings or make decisions concerning curtailment of service.

I suggest through you, Mr. Speaker, that those who are interested in this matter and have spoken on it this afternoon make official inquiries through the legal officers of the board of transport commissioners as to whether or not it has the power which they have affirmed it holds. Our information, both verbally and in writing, from the board of transport commissioners is entirely different. I am informed that the Minister of Transport has no power whatsoever over the board or on appeal as regards the curtailment of railway services. I think I have said enough to indicate, with all the authorities that the member for Kootenay West (Mr. Herridge) has given you, why in Ontario on two railway lines and in British Columbia it is necessary to have the act amended.

I was quite surprised when the Minister of Transport informed us that there was an understanding between the attorney general of British Columbia and the Canadian Pacific railway relative to a curtailment of service on the Kettle valley railroad because of certain bombings on the railway line itself. That is not a sufficient reason for a curtailment of service. If there is violence on any line, be it a railroad or any other system of transportation or communication, that is a matter for the police forces of the province and of the nation to correct; it is not a ground for the curtailment of railroad service.

The Minister of Transport, and I particularly add the statement of the hon. member for Vancouver South (Mr. Broome), said that the curtailment was for the protection of the life of the employees on the railroad and that trains could be run only in daylight. If that is so, then could we be given an explanation as to why the freight trains still operate at night, because surely the engineer, the firemen and the brakemen on

the freight trains at night have exactly the same life as anyone who operates a train in daylight.

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

Mr. Winch: No. We are most interested in the protection of the lives of employees and of passengers, but we know from the information we have received that freight trains have not been curtailed in daylight or night. The question is curtailment of services and public hearings. The Minister of Transport was quite correct in what he said and he was reading from a memorandum supplied to him. He told us that, and therefore I am not breaking any secret. The memorandum which he read said that in the event of changes in prices, curtailment of services or change of hours, it is all posted. He was quite correct when he said that the board of transport commissioners will receive complaints and will even send out an investigator to look into the situation. That is good; but, in the final analysis, the power to hold an official hearing and to bring down a ruling on the curtailment of services does not come under the jurisdiction of the board of transport commissioners. It is of the utmost importance that the board of transport commissioners should have the power not only to hold official hearings but to decide finally whether a curtailment of services is in order.

The hon. member for Vancouver South and the Minister of Transport both made a point about unprofitable operations. I think I can also say it was mentioned by the hon. member for Athabaska (Mr. Bigg). When you consider the operations of a railroad it must be realized that they must not be carried on on a day-to-day basis only this week, this month, next year; but with the background of the railroad systems of Canada in mind; more especially when one considers the Canadian Pacific railroad. If hon. members are interested they will find that in the construction of the Canadian Pacific railroad not one but numerous empires were given away free of charge by Canada,—

Mr. Hamilton (York West): Keep to the point.

Mr. Winch: —including rights to the finest land, timber and minerals of Canada. I know that in British Columbia, and particularly true on Vancouver island where only about 75 miles of railroad were built the railroad grants ran into hundreds of millions of dollars.

Mr. Hamilton (York West): On a point of order, Mr. Speaker, this hon. member was one of those who raised a question about speakers on this side of the house keeping to the subject. He himself is now offending that rule very badly at the moment.

Mr. Winch: Mr. Speaker, I am dealing with the statement made and read by the Minister of Transport as a reason for the curtailment of services, and also mentioned by the hon. member for Athabasca and the hon. member for Vancouver South, who referred to the rate of return on a profitable operation and said that it was part of this entire question. I am dealing with that exact point. If they want to consider the rate of a profitable return on a certain train or a certain service, then they must take into consideration at the same time not only the profit or the loss of today but the profits made previously under grants to the railways by the Dominion of Canada. I am still commenting on what has been given as reasons for opposition to this bill. Am I permitted to continue, sir?

Mr. Speaker: I think the hon. member is in order if he deals with the question of current profits but if he goes back to the origins of the railways it seems to me he is straying away from the immediate question before the house.

Mr. Winch: Are you saying that the billions of dollars worth of grants made are not to be considered today?

An hon. Member: Why?

Mr. Winch: I know you free enterprisers would like to forget that. It is to be noted that in British Columbia, where passenger service has been curtailed, freight service has not because one of the grants was made to the company which now has a 55 per cent control of Kimberley and Trail. On that basis we should also decide whether or not services ought to be continued. In view of the past, and the free grants of the mineral, timber and land given to the railroad companies they should not now be in a position, without reference to the board of transport commissioners and without the authority of the board of transport commissioners, to curtail service to the people and maintain for their own purposes their freight operations.

No matter how you look at it, it is an involved question at all times, this question of transportation. We feel strongly that the board of transport commissioners, having been granted the power, and rightly so, of hearing and deciding final action on the abandonment of lines, it is just as logical and perhaps even more necessary that the board of transport commissioners should have a similar power to finally dispose of any representations that may be made on curtailment of service.

I sincerely hope that the bill presented by the hon. member for Kootenay West will receive the unanimous support of this house which it merits.

Mr. Bigg: May I be permitted to ask the hon. member a question? Can he give me an example of a complaint in this regard which could not be taken to the board of transport commissioners under the present act?

Mr. Winch: There is no question that it can be taken to the board of transport commissioners, but the board of transport commissioners has no power of final decision if the matter deals with the curtailment of services.

Mr. Bigg: May I ask another question? Is it the hon. member's wish that the board of transport commissioners should have the final say in matters concerning the railway?

Mr. Winch: I am afraid I shall have to ask the hon. member to state whether he is referring to the curtailment of services, and whether there should be an appeal beyond the board of transport commissioners to the governor general in council, as there is in connection with abandonment? I am not going to say the same provisions should not apply to curtailment. All we are asking now is that the board of transport commissioners have authority in connection with the curtailment of services.

Mr. H. C. McQuillan (Comox-Alberni): I have a great deal of sympathy, Mr. Speaker, for the hon. member for Kootenay West (Mr. Herridge) and his effort to increase the service into that area. We see that going on all the time all across Canada. Originally our railways were built to perform two functions, the first one being the movement of bulk freight and the second to provide essential passenger services. The rapid increase in highway construction and highway services, as well as air services, has caused the latter function to become less important. Today the primary function of the railway is the movement of freight, particularly the bulk freight provided by our export and agricultural industries.

Freight rates for these items must be maintained at a figure that will permit our export industries to compete in the world markets. The continued operation of non-profitable passenger lines will inevitably result in an increase in these rates. A few years ago I made a trip to the prairies with my wife and one of my youngsters. We went to a little town called Leask. It was the first time I had ever been in that part of the country, and if I had known anything about it I would not have bothered to take the train. When I got there the people told me that nobody travelled by passenger train in that part of the country. We had to transfer at Edmonton to a line that went down through North Battleford. There was a sleeper and dining car on the train, and my wife, youngster, one other passenger and myself made up the total passenger complement. At North Battleford we transferred to a local train that runs up to Prince Albert. There were two other passengers, an Indian and his wife along with my wife, my child and myself. I would imagine that the probable cost of transporting the five of us for 50 or 60 miles was about $5,000. There are thousands and thousands of miles of such railway passenger services throughout Canada.

The end result of such operations is, as we have seen from the recent C.N.R. report, a deficit of close to $30 million. The estimated deficit next year is upwards of $50 million. The indications are that Canadian Pacific profits will be inadequate for the proper maintenance of the line, let alone any modernization. I should like to quote from a report prepared by Chief Justice Sloan following an examination of this subject some years ago. The report was submitted in November, 1954, and he said:

> Other sources of rail revenues are incapable of absorbing the constant cost of rail operations. Revenue from main line passenger service could contribute in a limited degree but operating losses on passenger service on branch lines in areas that are relatively sparse in population must be offset against main line passenger operation. Dining car service, as such, is operating at a loss.
>
> The railways then must endeavour to recoup this loss of revenue from some source if they are to operate on any sound financial basis.

Where do they look in an effort to recoup those losses? This search results in ever-increasing freight rates. About the same time, Chief Justice Sloan submitted another report in which he showed that a freight rate—I think he was referring to the rate on lumber—climbed in the period from April 1948 to June 1957 by approximately 125 per cent. These increases, of course, could have no other ultimate result than to kill these industries. If we continue adding to our railway costs by maintaining such services as are advocated here, freight rates will reach a level where we will not be able to compete in the export markets of the world. I think the hon. member for Kootenay West would be doing his constituency a greater service if he recommended the complete abandonment of the Kettle valley service. Perhaps then the railway serving that area could give a freight rate that would allow the industries in Kootenay West to stay in business and maintain employment, about which he is also greatly concerned.

I have been continually amazed at the lack of realism shown by members of the opposition in this house in so far as railway operation is concerned. They are continually asking questions about men being laid off and requesting the Minister of Transport (Mr. Hees) to prevail on the management of the C.N.R. to maintain employment or to allow featherbedding to continue. They must be aware that the end results of these practices will be one of two things: either an ever-increasing burden on the taxpayers of Canada or the complete destruction of our export industries.

If the hon. member for Kootenay West would shed his mantle of socialism that he has on in the house and would return to his true role of lumber operator in the Kootenays he should be the first one to realize that what he has recommended could very well destroy the lumber industry in the Kootenays.

Mr. Winch: Are you mad?

Mr. Herridge: May I ask the hon. member a question? Does the hon. gentleman realize that the whole lumber industry in my district is behind the protest against the curtailment of this service and supports the amendment in this bill which was drafted as a result of receiving the advice of good counsel?

Mr. McQuillan: Having had a good deal of experience with lumber men, I realize that there are a great many narrow-minded, local-minded lumber men.

Mr. R. H. Small (Danforth): In talking on this question, the matter of whether this is properly before the house was raised by the Minister of Transport (Mr. Hees). He pointed out, and rightly so, in support of his position, section 315 of the Railway Act. Then he went a little further and buttressed his position by saying sections 33 and 36 were to the effect that the Railway Act requires railway companies to receive, carry and deliver traffic and provide adequate and suitable accommodation for the carrying of traffic and the regulation of train services, and requires the railway companies to furnish adequate and suitable train services and prohibits them from reducing services below that standard.

While the hon. member from Kootenay may not be wholly in order, I think he is taking advantage of this opportunity to bring to the attention of the house the complaint in his own particular riding. I think that is as it should be. I am also going to take the opportunity, under this section of the act, more or less to buttress his position or support it, even though it may not be properly before the house.

I am taking this opportunity because in 1956 I spoke of the inadequate service that was being given to the largest cities in the Dominion of Canada and in the ambit or the scope of the cities that were being talked about, Toronto was included. I was complaining about the attitude of some of the officers of the Canadian National Railways when they were talking about the complaint that had been lodged by the city of Toronto, particularly the suburban areas. At that time the complaint was coming from Oakville and Scarborough that there was inadequate commuter service to Toronto for the purpose of bringing the vast population to their work each day. The president of the Canadian National Railways brought in the argument that if we wanted that kind of service, we would have to pay for it. Then I went over the matter, as has been done by the hon. member for Kootenay West, relating what had happened in the past.

I can subscribe to what the hon. member for Vancouver East (Mr. Winch) has said when he went over the details of why the railways were not paying and where they had been subsidized in the past. It is a good thing to bring these matters to the attention of the house because it is the only opportunity that we have of getting these views before the people of Canada who, in turn, are paying for and subsidizing the railways when there is a deficit. Likewise, when there is a surplus, the railways do not do much to improve the services. Likewise, I pointed out that in reporting, they made a great point with regard to inter-city service, saying that they had speeded it up and that they had improved the time and therefore though they had not increased the services, they were running a profitable venture between the cities. I pointed out to them then that, as to the commuter service that was given in Toronto they had never at any time endeavoured to give the service and to see whether it would pay or whether, if they gave good service, the people would be glad to support it even if they increased the rates.

At the time the board of trade of Toronto supported the board of transport commissioners in granting an increase in the rates for commuter service. The point is that it was never questioned by the people in the suburban sections of Toronto or of the metropolitan area, I should say, as to whether they would pay or complain about paying if they were given the service for which they were asking. The point I wanted to mention was that a vice president, I think it was Mr. Tile, had stated that the service had become so deficient that they could not now, even if they wanted to, give a better service for people in the suburbs.

I presume that condition exists not only in Toronto but in Montreal, Vancouver, Hamilton, London and in all the large cities of the Dominion of Canada.

Owing to their lack of foresight and lack of funds—but mostly, I would presume, through lack of foresight—they had never made any provision for extension or expansion of the services. In fact, at the time when we were trying to establish the electric railways under Sir Adam Beck's regime of Hydro, he pointed out that the day would come when they would need such services. The president of one of the railways, Sir Henry Thornton, joined with those who were opposing that extension of radial services in Toronto at that time. I assert that, owing to the fact that they wrecked that radial plan therefore it is their duty to supply something to help to overcome the condition they created. Therefore I have no sympathy with the railway or with the president Mr. Gordon when he tells us now that if we want this service, we should pay for it. They created this condition at Toronto.

Of course in the last decade or the last two decades, Toronto was more or less a forgotten city as far as this parliament was concerned. They did not supply us with services. So whenever an opportunity comes along when we can draw the matter to the attention of this house that the railways, through their transport board, should do something, I shall do so. I think that they should supplement or augment the services they are now giving. They have never really tried to give the service that we should like to have in Toronto. I think the people would be willing to pay for it.

I point this out, Mr. Speaker, because the situation has become so serious now in the large centres that they now have to have subways and they are very expensive. I would go so far as to say that if we had an adequate commuter service in the city of Toronto we would not be confronted today with the expense which we are now facing with regard to establishing another subway along Bloor, Danforth and University streets in Toronto. Therefore when the matter is being brought to the attention of the house by the Minister of Transport, that there is a provision in the act for what the hon. member for Kootenay West is requesting—that it is there but they have not taken proper procedure to bring to the attention of the house the situation whenever the railways are curtailing their services—I thought I would take this opportunity because the last time I brought it before the house very little attention was paid. I presume that the railway authorities likewise will treat it in the same fashion.

While I am at it I would say that there should be a certain checkup on the efficiency of the railway department responsible particularly for the pool service, not singling out anyone in particular. Those that come into the station, whether they come in in the morning or at night, get ample evidence of what kind of service the railway is giving the people of Ottawa. Likewise they are getting ample evidence of the kind of service we are getting in Toronto.

If a private business were to operate in the same manner as that in which the railways are operating, and treat their customers with such contempt for their convenience they would not be in business very long. It looks as though this is what the railways are trying to accomplish. When you arrive at the Ottawa station you find baggage cars and postal service cars occupying the space in the station right up to the door, and the passengers who are paying for it all have to walk from perhaps Laurier avenue all the way to the railway station. Not only that, but they have to sometimes even climb over trucks and crates and freight and wind their way, possibly helping some helpless woman who cannot carry her grip under the various difficulties which one has always to face because of the handicaps mentioned. This applies not only to Ottawa but to Toronto and I dare say many other Canadian cities suffer likewise. It is the service and the convenience of the passenger which they should be looking after but sorry to say it is freight that gets the nod because that is the most lucrative part of their business. Yet, in this act it distinctly says the railways are to provide adequate and convenient service for the people of the Dominion of Canada, and I can assure the house—and I believe every member will subscribe to what I have said—that the service, to use impolite terms, is absolutely lousy.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am not going to take up the time of the house for more than one second. I am going to vote for this bill because it seems to me that what it provides is exactly what the hon. member for Danforth (Mr. Small) so eloquently said ought to be provided—a proper place for a proper hearing of these matters, and that is all the hon. gentleman is asking for in this bill. It seems to me it would be a good thing, therefore, if it were passed.

Hon. Paul Martin (Essex East): I would like to join my colleague the hon. member for Bonavista-Twillingate (Mr. Pickersgill) in expressing my support of the principle of this bill, and I would also like to commend the

distinguished hon. member for Danforth (Mr. Small) on the very graphic description he gave us of the operations of some railroad stations familiar to most of us in this house.

I rise simply to say that I have before me a concrete case which justifies the principle of this bill. In my constituency a merchant in the village of South Woodslee has written to me complaining that he understands the New York Central railroad proposes to close the railway station in his village. As a merchant, he has an appreciation of the express and freight service in that particular area, and he urges me to point out to the board of transport commissioners—as indeed I have done—the importance of not reducing this particular service. While the railroad will be afforded an opportunity of putting forward its side of the case I do think that the law should be such as to ensure that in any case of a proposed reduction in service there should be an opportunity for the public to put forward its views. For that reason I warmly support this measure.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am very pleased indeed to hear the remarks of the two previous speakers, and I would like to compliment the hon. member for Danforth (Mr. Small) for giving very good reasons why his party should support this bill.

As I have said, the purpose of this bill is to give the board the power to have an official hearing, to give people an opportunity to make their representations and to deny the right to reduce services, which power they do not have at the present time.

The correspondence I have received in this connection is in my office, but as a result of conversation in the last half hour with an official of the board of transport commissioners I might inform the house with reference to what has been said previously in this debate that I have received information that the board does not have the same power with respect to the curtailment of services to hold a hearing and to deny such curtailment as it has with respect to the abandonment of services.

Mr. Winch: May I ask the hon. member if he said this is information he has received from the board of transport commissioners during the last half hour?

Mr. Herridge: Yes, a telephone conversation. So there is obviously a misunderstanding on the part of a good many members who have spoken in this debate.

The amendment was drawn on the advice of competent counsel in my constituency and the usual advice one obtains here in order to achieve such an objective. A number of members in my opinion seemed to speak in defence of the necessity of the C.P.R. to gain profits from their passenger runs, even though they make large profits on the freight runs. We in this group aim to represent the wishes of the people in this respect and the company having in this case a monopoly, the people should have an opportunity to be properly heard through the medium of the legislation contained in this bill.

I must say I was amazed to hear the remarks of the hon. member for Comox-Alberni (Mr. McQuillan), who suggested the complete abandonment of the passenger service on the Kettle valley railroad, a railroad which hauls possibly, having regard to the mileage concerned, the greatest wealth per mile of any line in Canada. I was also very surprised to hear him correct me as to the sensibility and the ability of his colleagues in the lumber industry in my constituency. I want to say that we trust this bill will receive support from all sides of this house because we are aiming to do something we feel is to the advantage of the people of Canada.

The house divided on the motion (Mr. Herridge) which was negatived on the following division:

YEAS

Messrs:

Badanai	Howard
Batten	Leduc
Benidickson	McIlraith
Boulanger	McMillan
Bourget	McWilliam
Bourque	Martin (Essex East)
Carter	Martin (Timmins)
Crestohl	Nixon
Denis	Pearson
Deschatelets	Peters
Fisher	Pickersgill
Garland	Regier
Godin	Richard (Ottawa East)
Gour	Roberge
Habel	Robichaud
Hardie	Rouleau
Herridge	Tucker
Houck	Winch—36.

NAYS

Messrs:

Aiken	Campbell (Lambton-Kent)
Allard	Cathers
Anderson	Chambers
Asselin	Chown
Balcer	Churchill
Baldwin	Clancy
Bell (Carleton)	Coates
Bell (Saint John-Albert)	Comtois
Belzile	Courtemanche
Bigg	Creaghan
Bissonnette	Crouse
Bourbonnais	Danforth
Bourdages	Deschambault
Broome	Diefenbaker
Browne (St.John's West)	Dorion
Browne (Vancouver-Kingsway)	Doucett
Cadieu	Drouin

Drysdale	Martineau
Dubois	Martini
English	Matthews
Fairclough, Mrs.	Milligan
Fane	Monteith (Verdun)
Fleming (Eglinton)	Montgomery
Fleming (Okanagan-Revelstoke)	Morissette
Flynn	Morris
Frechette	Morton
Gillet	Muir (Cape Breton North and Victoria)
Grafftey	Nasserden
Green	Nielsen
Grenier	Noble
Grills	Nowlan
Gundlock	Nugent
Hales	O'Hurley
Halpenny	O'Leary
Hamilton (Notre Dame de Grace)	Pallett
Hamilton (Qu'Appelle)	Parizeau
Hamilton (York West)	Pascoe
Hanbidge	Paul
Hees	Payne
Henderson	Pearkes
Hodgson	Phillips
Horner (Acadia)	Pigeon
Horner (The Battlefords)	Pratt
Howe	Pugh
Jung	Rapp
Keays	Ricard
Kennedy	Robinson
Kucherepa	Rogers
Lafreniere	Rompre
Lahaye	Rowe
Lambert	Skoreyko
Latour	Smallwood
Legere	Smith (Calgary South)
Lennard	Smith (Simcoe North)
Letourneau	Southam
Lockyer	Speakman
Macdonald (Kings)	Spencer
Macdonnell	Stanton
MacInnis	Stearns
MacLellan	Tasse
Macquarrie	Taylor
MacRae	Thomas
McBain	Thompson
McCleave	Thrasher
McDonald (Hamilton South)	Tremblay
McGee	Valade
McGrath	Vivian
McGregor	Walker
McIntosh	Webster
McPhillips	Weichel
McQuillan	Winkler
Martel	Woolliams
	Wratten—145.

BRITISH NORTH AMERICA ACT

AMENDMENT RESPECTING READJUSTMENT OF REPRESENTATION IN HOUSE OF COMMONS

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-13, to amend the British North America Act.

He said: Mr. Speaker, "rep. by pop." was one of the forces that brought into being confederation and the British North America Act. Briefly the basis of this bill is the same old slogan "rep. by pop."; representation by population, with certain ideas with regard to area that I hope to talk about later on.

Some hon. Members: Six o'clock.

[Mr. Herridge.]

Mr. Fisher: Mr. Speaker, a number of members are asking to have six o'clock called.

The Acting Speaker (Mr. Rea): Is it the unanimous wish of the house to call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rea): It being six o'clock, I do leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Fisher: Mr. Speaker, representation by population has been the general idea behind the apportionment of members of parliament ever since confederation. If you look at the first British North America Act you can see that that was in the minds of the people who drew it up; but it is also a fact that the climate of parliaments which, every 10 years, after the census, deal with the apportionment of seats amongst members or amongst areas, are what you might call equinoctial; they are filled with storm. Redistribution is something that every hon. member is going to hear and think about a great deal in the next four years. The next census is due in 1961. The results will be available some time in March or April, 1962, and some sort of bill will have to be brought in to change the Representation Act following that census before we can have an election.

It may interest hon. members to know that perhaps one of the reasons why this parliament may not go to the people again until the late fall of 1962 is that it will be impossible to prepare a Representation Act before that time unless the government is anxious to go to the people on the 1951 census and, of course, it is impossible to believe that. As a matter of fact, I had a certain diffidence in presenting this bill to the house because I thought the Prime Minister (Mr. Diefenbaker) would be announcing legislation which would bring about the setting up of an independent commission to deal with redistribution matters, since it has been something very dear to his heart. Unfortunately when the Prime Minister was in the opposition he was the victim, according to both himself and his friends, of what might be called some Gardiner gerrymandering, or a little playing around, so that once he was shunted right out of his constituency and another time he was rather badly hived.

One of the members of the press gallery, Tim Creery of the Montreal *Star*, wrote a series of articles not too long ago on this

whole problem of redistribution and I think a couple of paragraphs from them would state the case for a commission fairly well. I quote:

Ottawa, April 21—Several of Canada's most prominent politicians of recent years have denounced the present system of drawing up the boundaries of ridings.

Prime Minister Mackenzie King was against it. Senator Charles Gavan Power, as a leading member of the Liberals in the commons, was for years the leading champion of reform.

In opposition, Conservative Leader George Drew and the then member for Lake Centre, John Diefenbaker, called repeatedly for appointment of an independent commission to take the "geography" of redistribution out of the hands of the politicians.

Thus this measure that I have introduced has had support of a predated kind from the gentleman wielding the most power in the government at the present time. This is not to say that objections could not be taken to this bill. You do not change the British North America Act easily or casually.

The purpose of this bill is to introduce in subsection (1) of section 51 of the B.N.A. Act, 1857, the underlined words "independent of the parliament of Canada" so that the readjustment of the representation in the commons be done in future by an independent body rather than by a committee of the House of Commons.

The British North America Act, as it reads at the present time, says that such authority as parliament shall determine. Thus it could be argued that parliament already has this power to create an independent commission without changing the British North America Act. As a matter of fact, that argument has been presented in the past when this idea has come up but I do not think it is something we need to bother with here.

I have spent a considerable amount of time on this topic and tomorrow in the mail each member will receive a typed brief of about 16 mimeographed pages covering the rules for sharing the seats among the provinces. The second sheet gives the representation by population based on the 1956 census. This is the projected representation first time we have readjusted from the quinquennial census. The third and fourth sheets cover the same sort of thing; the first operation and the second operation from the D.B.S. estimate of population of last July 1, 1957.

The last sheet of the first set gives the 30 largest Canadian constituencies in area with 1956 population. This is the point where I became interested in redistribution because if you look down the list you will see that Port Arthur is the fifth largest constituency in terms of area, being 148,482 square miles, being bigger than most of the maritime provinces put together. It has a population of 78,111, which is the largest of any of those 30 largest constituencies. Attempting to campaign in such a constituency, and recognizing that both the Liberal and Conservative candidates were also aware of the problem, set me thinking of redistribution and of some means of evening up and getting back to "rep, by pop." to a better apportionment.

I would like the permission of the house to place on *Hansard* two bibliographies which were prepared by the librarian of the library of parliament, which I think hon. members will like to refer to in the next four years, perhaps, as this topic keeps coming up again and again. One is entitled "Redistribution—Canada" and the other "Redistribution—Great Britain and Dominions".

The Acting Speaker (Mr. Rea): The hon. member would like permission to place them in *Hansard?*

Mr. Fisher: Yes.

The Acting Speaker (Mr. Rea): Has the hon. member permission to put them in *Hansard?*

Some hon. Members: Agreed.

Mr. Fisher: They read as follows:

Redistribution—Canada.

Dawson, R. M. Government of Canada, 1952, pages 32, 37, 39, 140-1, 362-369.

Clokie, H. M. Canadian government and politics, 1944, pages 129-33, 303-5.

Ward, Norman. The Canadian House of Commons' representation, 1950. 19, 58, 39, 42-7, 50-1, 36-7, 20-1, 29-35, 46-49.

Basis of representation in the House of Commons, by N. Ward. In Canadian Journal of Economics, Nov. 1949, pp. 477-94.

"There'll be some changes made" [Redistribution of Provincial representation, by A. F. Cross]. In Canadian Business, March 1951, p. 42.

Redistribution problem by M. Barkway. In Saturday Night, Nov. 17, 1951, pp. 2-3.

Scramble for seats, by R. B. Fraser. In Maclean's Magazine, May 15, 1952, pp. 76-77.

Representation in the House of Commons of the 21st Parliament: party and province. In Canadian Journal of Economics, Feb. 1952, pp. 77-87.

Representation at Ottawa. In World Affairs, April 1952, p. 13.

Redistribution of seats in Parliament. In World Affairs, Feb. 1952, p. 11.

How best allot federal seats. In Financial Post, Dec. 19, 1953, p. 21.

Redistribution of 1952, by N. M. Ward. In Canadian Journal of Economics, Aug. 1953, pp. 341-60.

Canada: House of Commons [Readjustment of Representation]. In Journal of the Society of Clerks-at-the-Table for 1952, pp. 174-175.

Redistribution bills, 1892, 1893, 1899, 1900, 1903. Analysis of debates, statistics and general information. CPC800.

Redistribution referred to in Article by Austin Cross—history, present difficulties, etc., 1943. CPC1109.

Redistribution, 1943. Mr. King refused Duplessis' request to transmit protest and gave reasons. Ottawa Evening Journal, July 15, 1943, pp. 1-

Redistribution—Great Britain and Dominions.

Wilding, Norman and Laundy, Philip. An encyclopedia of Parliament. L., 1958. pp. 120-1.

Encyclopedia Britannica, vol. 17, pp. 317-18.

British North America Act

Daniels, S. R. The case for electoral reform. L., 1938.

Ross, J. F. S. Parliamentary representation. L., 1944.

Ross, J. F. S. Elections and electors. L., 1955.

United Kingdom. Report of the boundary commission for England, 1944, in regard to certain abnormally large constituencies. L., 1944-45. 39 p.

Ogg, F. A. The governments of Europe. N.Y., 1913. pp. 88-89.

Seymour, Charles. Electoral reform in England and Wales. L., 1915. Index, p. 560.

Gt. Brit. Report of Royal Commission on electoral systems, 1910.

Journal of the Society of Clerks-at-the-Table for 1949. p. 49.

Lakeman, E. and Lambert J. D. Voting in democracies. L., 1955. pp. 71-73.

Crisp, L. F. The parliamentary government of the Commonwealth of Australia. New Haven, 1949. pp. 38-

Robson, J. L. New Zealand, the development of its laws and constitution. L., 1954. pp. 30-

Webb, Leicester. Government in New Zealand. Wellington, 1940. pp. 10-

Hogan, J. Election and representation. Cork, 1945.

Southern Rhodesia. Commission appointed to inquire into the matter of re-division of the electoral districts of the colony, 1947.

I think the articles and the references that hon. members will find in *Hansard* as a result of this will open up the topic very much to them.

The second part of the information which I have sent to each member gives the statistics for all the constituencies in Canada as they exist at the present time, province by province, with their areas in square miles and the number of electors in 1957; that is, the 1957 general election, the population in 1956, the population in 1951 and the last time each constituency was changed. The reason for giving the three population figures is to give some idea of the growth, and how some constituencies are going through tremendous growth while others are not but, as a matter of fact, are retrogressing. The point about giving the figures for electors is to let hon. members see that the relationship between the number of electors and the population is not a constant thing in all constituencies in Canada.

I do not believe that the number of electors is the factor to work on in considering how big a constituency should be. My reason for that is that with the tremendous growth in the responsibilities of the federal government, it is the population that counts. For example, you can quite often have immigrants who do not have Canadian citizenship and the right to vote, or even children, giving you more work to do as a member of parliament than electors, and therefore I think the argument, that population rather than electors is one of the most important things to keep to the fore in determining how many people there should be in a constituency, is valid. It should be by population and not by the number of electors.

[Mr. Fisher.]

The argument in connection with redistribution has to be presented historically; that is, you have to go back and look at the thing from the beginning in order to really appreciate it. An expert on this particular facet of our parliamentary life, aside from the chief electoral officer who knows a great deal about it, is a professor from Saskatchewan by the name of Norman Ward. Perhaps I should give one brief quotation from his great book which is called, "The Canadian House of Commons":

> A debate on redistribution reveals parliament at its worst.

Unfortunately, that is true, and the reason is that redistribution affects every one of us or can affect every one of us. We all have an interest in this problem, whereas almost every other bill that comes before the house may represent a mere party decision to us. Redistribution represents the only occasion upon which all members are interested in the subject under discussion. I think this is a problem that should interest every member in the house, and that is one of the main reasons why I have put forward so many statistics. This enables each member to ascertain how his constituency compares with other constituencies in his area, whether he is above the mean or below the mean in terms of population. The statistics also give him an idea how his constituency compares in area.

The mean figure in the 1962 redistribution will probably be somewhere between 64,000 and 66,000 people. If your constituency is above that, perhaps it needs a readjustment. If it is below, there may be need for amalgamation or something else should be done to adjust the balance.

I have a number of proposals that I want to make, but perhaps a little quotation from one of the most vitriolic tongues the North American continent has ever had, that of H. L. Mencken, on the point would be appropriate. He said:

> The yokels hang on because old apportionments give them unfair advantages. The vote of a malarious peasant on the lower eastern shore counts as much as the votes of 12 Baltimoreans. But that can't last. It is not only unjust and undemocratic; it is absurd.

You could say the same thing about a situation in which the hon. member for York-Scarborough (Mr. McGee) represents people whose vote is worth about 1/17 or 1/18 of the habitants of the Iles-de-la-Madeleine constituency. One point that needs to be made in connection with redistribution is that the problem has to be settled within the boundaries of a province. It is, therefore, unfair

to make a comparison between York-Scarborough and Iles-de-la-Madeleine because in one constituency in one province you have 11,000 people and in the other in another you have 180,000 or 210,000. However, in Ontario, in contrast there is a constituency which has a population of 28,000 and which has a member in this house. This situation is fine under these peculiar circumstances, but surely we have to come at this whole problem, when you see a discrepancy such as that, with the idea of making the representation fair and just on the basis of population.

The distribution of seats as between the provinces is relatively automatic, although there have been some changes and it has caused some small trouble. The people from the maritimes will say something about it because the maritimes have felt they have suffered and will suffer more. If you project the figures for redistribution you find that Nova Scotia is going to lose a seat, and perhaps the members from Nova Scotia will perk up their ears at that statement. It looks as though Newfoundland may lose a seat. New Brunswick is safe with a senatorial floor of ten and Prince Edward Island is safe with a senatorial floor of four. These facts illustrate why this issue is charged with dynamite in this session. Saskatchewan, if we continue with the present rules, is going to lose three seats in the next redistribution. One must remember the power we have in this house from Saskatchewan in the Prime Minister and one cabinet minister.

There are the reasons why I say this redistribution issue is going to be before parliament for the next four years. British Columbia is going to gain a seat, while Quebec is going to lose one. Alberta will perhaps gain one or two, and Manitoba is going to lose one. This means you are going to see quite a change in 1962 because of the rural-urban shift which has been extraordinary in the past few years. This problem should concern every member of parliament, and I hope that in the debate that ensues on this bill everyone will take a nonpartisan stand. Whether you believe it or not, that is the essence of redistribution. Even though there has been some partisanship and gerrymandering, the matter is supposedly decided in the House of Commons on a nonpartisan basis.

My idea, of course, is that this amendment will open up the way for an independent commission to undertake the task. Of course, this independent commission will have to be given a certain set of principles under which it should work, and of course parliament will have to do that. The independent commission would have to bring in a report to parliament for approval. The Prime Minister pointed out quite clearly in 1953 and 1947 that other countries of the commonwealth have found an independent commission worked very well. If any hon. members on the government side want to look up his speeches, they are to be found in volume 4, 1952 and in volume 6, 1947. I think, actually, the Prime Minister has been as eloquent a spokesman for the independent commission as anyone in this house.

I must confess that the former member for Port Arthur shrugged off the whole matter, saying the people do not care. The present Minister of Finance (Mr. Fleming) took the former member to task with his favourite phrases such as "abundantly clear", or "glaringly obvious", stressing the fact that he was strongly in favour of an independent commission taking this whole question out of the area of a backbiting, impulsive and grasping parliament. Since redistribution almost always is considered towards the end of a parliament, with the tremendous rush to get things through, the problem is never solved satisfactorily. I am recommending these proposals for study now because if we do refer the bill, as I would like, to the special committee on elections, then a study of the proposals should be made and by the end of this year or early next year some progress could be made towards the establishment of an independent commission. The organization would be ready, with principles established on how it is to operate by 1962 when the census results will begin to be known. These proposals, of course, are along the lines of the recommendations made by the Prime Minister when he was in opposition. I think, as a matter of fact, I should refer to some of the things he said. In *Hansard* of July 15, 1947, at page 5644, he said:

> In 1933 the Prime Minister—

that is Mr. Bennett.

> —pointed out the unfairness of leaving a measure like this to the end of the session. Presumably there was a desire to have the session closed at the earliest possible date, and the debate continued for four or five days. The Prime Minister on that occasion used certain words which I wish to adopt now. He pointed out that coming in at the end of the session and introducing a measure such as this is unfair and indicates a desire to eliminate members of opposing parties without enabling them to place their position before the house and the country.

Now, in 1952 the hon. member for Eglinton expressed the idea that something had to be done because if another government with a big majority were in control in 1962, we would continue with the old way. I think at the time the hon. member for Eglinton was afraid the big government in control would be a Liberal government. Of course, the situation has changed so that perhaps now we

can look forward to action by this government to give effect to the wishes and ideas of the Prime Minister.

It is important that we get going on this matter as soon as possible because four years come along very quickly when you are dealing with something like redistribution. In 1867, as most of you probably know, the basis for deciding how the representation was to go stemmed from giving Quebec, which was neither the largest nor the smallest of the provinces, 65 seats. There was emphasis at this time that the division should be along county lines and it was found, in the discussion to be found in the old *Hansards* in the statements of Sir John A. Macdonald and other leaders of the times, that the principle of representation by population both between provinces and within provinces should be to the fore. Actually it was definite as between provinces but the act is silent on how it was to be adjusted within the provinces.

In order to prevent any one province from taking a real beating in the readjustment after each centennial census there was the one-twentieth clause inserted in the British North America Act which provided that the provincial ratio to the national population from one census to another, if it did not drop more than one-twentieth, would not lead to the loss of any members. This provision, of course, protected some provinces. The general idea up until 1872 and the first of the John A. Macdonald gerrymanders was that the government should bring down any changes and those changes, of course, came in when British Columbia and Manitoba came into confederation. Manitoba was given four seats although it only merited by population half a seat. British Columbia was given six seats though it only merited one. Hence representation by population went out the window. In 1873 Prince Edward Island came in and it was given six seats where it was only entitled at the time to five seats. Unfortunately for Prince Edward Island, it never got the assurance that this was an irreducible minimum whereas Manitoba was promised that the four would be a minimum until 1881 and British Columbia was promised that the six would be an irreducible minimum.

So by 1873 you see representation in the House of Commons on three different bases. There were the four original provinces which had roughly "rep. by pop." with 190 seats. Then you had the western provinces. They were guaranteed ten. Then you had Prince Edward Island that had six but was guaranteed none.

When Sir John A. Macdonald began to operate in the 1872 redistribution he did not give the opposition any opportunity really to consider the changes that were made. They were brought down and presented in the house as government business and the opposition, with much raving and ranting, had to accept them. The storm and fire was even more severe in 1882. This has been referred to as the great gerrymander or, as some people call it, the best gerrymander, when the Grits were really hived. Sir John A. Macdonald came out with a couple of statements that shot the principle of representation by population to bits. He said that representation by population from province to province was fine but within the provinces, because of county lines and town lines, there should be different interests looked after. Classes and localities should be represented and the principle of members according to population should not be the only one. So with 1882 you begin to get the development of the great discrepancy. You begin to get development of the idea that the rural voter is worth more than the urban voter.

As you hon. gentlemen must be aware, the Conservatives stayed in power until the 1892 redistribution when the Liberals first brought forward from opposition the idea that there should be an independent commission. Sir John Thompson who was the Prime Minister at the time for the Conservative party injected a completely new principle into dividing up the seats. That principle was to do nothing. He said that you should only interfere with representations in those districts where increased population had to be provided for. In other words, you kept the status quo unless a place had developed so much, say in the west, that you gave them another constituency. So you get with that attitude even more the development that the rural constituency remains the same, the larger urban constituency grows, but no provision is made for it and this tends to become a maxim.

One of the arguments brought forward at the time by the Conservatives was that rural members of parliament at the time usually lived in town; for example, most of the members from rural Quebec were not from the rural areas. They were lawyers or solicitors or advocates in the city of Quebec or in the city of Montreal. Therefore the cities really had better representation than you might think. One of the other arguments was that in the city the people were more alert and lively and that therefore they needed less representation. Furthermore they were easier to reach. They had more educational media available to them and the press

was more present and therefore they did not need representation as badly as did rural people.

Then in 1892 the Liberals came up with the idea of a commission. Their idea was a commission of judges. This idea has been floating around the Canadian House of Commons ever since. Actually, when the Liberals got in power in 1896 they began to think about doing something about redistribution and for the first time they waived the change after the census. In 1899 they brought in a bill and this was the first adjustment apart from the census. This was the first serious proposal of an outside agency to look after redistribution. Their idea was that judges should be members of the commission because they not only had local connections and understood the counties but they were men of great integrity. The other place or the Senate tossed out these bills and the Liberals brought them back in again in 1900. Again the Conservative Senate refused to pass them. They claimed that this bill was a violation of the spirit of the British North America Act. So the Liberal government had to let it go until 1903 when following the census they brought in another representation act. At this time you get the very first serious provincial dispute. You begin to get the lobbies from the maritimes because Prince Edward Island was dropping drastically and New Brunswick was beginning to drop. So the provincial premiers or the provincial legislatures began to press for some sort of floor under their representation so that it would not sink away in relation to the tremendous growth that was taking place in the west. This came with senatorial floor of 1915.

The constitutional arguments at that time were quite complex. The main point that we need to remember is that the maritime provinces lost their arguments even though they carried them to the supreme court and then over to the privy council in Great Britain. The 1903 readjustment really came up with the idea that still prevails as far as redistribution is concerned, namely the principle that it should be settled by a House of Commons committee. Prior to 1903 the whole thing was settled by the government party. After 1903 there was a small special committee of the House of Commons which put the thing through. The first committee consisted of what we would call in slang "the big wheels". For example, Mr. Borden, who was the head of the opposition at the time was on it. Its members were almost all of cabinet minister or ex-cabinet minister rank. This principle of having representation settled by a committee of the House of Commons has continued right down until 1952 when, as I said earlier, we had a repetitious continuation of the decennial hassle that comes up regularly and in the last redistribution in which the present Prime Minister figured so largely.

In 1923 and 1924, with the redistribution another idea was introduced into the House of Commons committee and that was that it should be broken up into provincial subcommittees and that the members in each province should form a committee or have representation on a committee that would determine the constituency boundaries and just how the division was going to be made.

The whole point in connection with this system of House of Commons committees is that there is really no principle at all involved and I think Mr. Norman Ward in his book "The Canadian House of Commons" at page 46, sets out the whole matter quite clearly as follows:

> At the risk of repetition, it must be emphasized that harmony in the house committee guarantees nothing; as Mr. Mackenzie King has observed, in one of the shrewdest remarks of his long career, "anyone reading the *Hansard* report....must realize to how small an extent the redistribution being effected at the moment is based upon the foundational principle of the division of the various constituencies according to the general interest of the country as a whole." Although this statement was being applied specifically to the fiasco of 1933, it could be made with equal force concerning even the most peaceful of the eight redistributions which have occurred thus far.
>
> It does not necessarily follow that redistribution by a house committee is always bad; but it is indisputable that redistribution has so far taken place with reference to none but the vaguest of principles. At one time or another in this contentious history, as we have seen, no less than four principles have been followed: the use of local boundary lines; the adoption of relatively large urban divisions; the establishment of compact divisions; and the equalization of population.
>
> But one or more of these principles has always been applied in relation to the wishes of a majority in the House of Commons, and when it has been expedient not to observe a principle, it has been conveniently forgotten.

I see that I am approaching the end of my time. I have more material which I wished to present but I think I should cover the main representations which I believe we should keep in our minds in connection with the redistribution. If we set up an independent commission or an independent authority as recommended by this bill we should have some principles to give to the commission under which to operate and I suggest the first principle is representation by population.

It has been suggested to me by one of the gentlemen of the press gallery that you should develop a formula and I hope that hon. members will look at this bill. There was introduced in 1952 by the present Senator Power a bill respecting the division

and duties of the redistribution commission and he provisionally set up in his bill an ideal commission and the principles under which it should operate. If you set up an independent commission the principles have to be fairly hard and fast, otherwise the members will not know how they are going to operate. A House of Commons committee is going to have to settle this whole Saskatchewan fiasco, but this is in the future—the question of Saskatchewan dropping three seats—and in the redistribution we have to decide first, is it going to be representation by population. Are we going to have a formula such as that existing in Manitoba, namely seven city votes as against four rural votes? Are we going to have something like Victoria in Australia where you have 22-15-8 formula worked out? My own suggestion, from looking at the question, is that we need to give that commission a principle which allows them a 30 per cent tolerance in assigning constituencies in terms of population, so that we can wipe out many of these tremendous disparities in our present system, as hon. members will see when they look at the statistics. I think the commission should operate within the framework of this representation by population principle with some such tolerance or some other principle to take care of the plain fact that you cannot tailor every constituency in terms of population and you cannot even come close to it in terms of making it equal in area.

However, I would like all hon. members to look at this brief which does show the tremendous disadvantages suffered by the hon. member for Grand Falls-White River-Labrador (Mr. Granger) and the hon. member for Cariboo (Mr. Henderson) and myself.

Finally I would like to say that this is an impartial matter and I hope it will be treated as such by all members who take part in this debate. It is not necessarily a party point of view which I am expressing here, although in the past when Mr. Knowles moved an amendment to set up an independent commission he received his strongest support from the present leaders of the government party. However, it is not something which has been confined to the C.C.F. group. Mr. Power, as a Liberal member of this House of Commons, was strongly for it and I believe many of the present government members were for it too.

The bibliography will be in *Hansard* and I hope that hon. members will follow it up and read the different points of view. Especially would I mention that almost every intelligent writer who has looked at this problem has laughed to scorn members of parliament for their behaviour at redistribution time. Let us therefore, for once, raise the whole dignity of proceedings by starting early —four years before election—and approaching the whole matter on a rational basis so that in four years' time we will not have the stigma of looking like a bunch of rabbits, with all of us standing up, shouting and jeering at the government for steamrolling and having Conservative members throwing their laughter back at us.

These are the main reasons why I believe we should give very serious consideration to the bill before the house at the present time.

Mr. Crestohl: May I ask the hon. member a question or two. I think he has made a very logical case, but just what does he mean by a committee independent of the parliament of Canada, and does he not think that the suggestion that that committee should report back to parliament would have the effect of watering down its independence?

Mr. Fisher: Mr. Speaker, the point raised by the hon. member was dealt with very ably by the Prime Minister in 1953 when he was outlining the experience in the United Kingdom where they have an independent commission which does report to parliament and, since the first report it brought in, there has been very little argument or change; such changes as have been made being very minor in nature. In Great Britain it has worked very satisfactorily. As a matter of fact, only parliament can pass a redistribution brought in by that commission.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, at the outset I must say to the hon. member who has presented this bill that I am opposed to it as presented. I think this proposition is another move in the direction of removing from parliament its inherent rights. I feel it is a delegation by parliament of control over its own affairs unless the body or committee is very clearly defined in the bill. My first and main objection to the bill is just this; it is not clear as to just what sort of body or commission is intended to be set up to deal with this very important duty of parliament.

I appreciate that the hon. member for Port Arthur (Mr. Fisher) has brought in this bill in an effort to get rid of what is known as gerrymandering and I may say that there has been a great deal of this in the past. In the riding which I have the honour to represent, Parry Sound-Muskoka, the hon. member for Greenwood (Mr. Macdonnell) was defeated in 1949 as a result of a gerrymander and, as the hon. member who sponsored the bill has said, the Prime Minister (Mr. Diefenbaker) when he was the hon. member for Lake Centre had his riding not only gerrymandered but eliminated. Fortunately for

us, these circumstances only made the Prime Minister determined to seek and win another seat.

There are many other bad examples of gerrymandering, but I contend that the dangers of gerrymandering have been reduced to a point where they are not a serious issue, and I would say there are three main reasons which have brought this about. First, when there were small majorities, in the early days of this country, the changing of election boundaries even in a very limited degree could affect enough people to change the situation in a riding. Secondly, in the early days, we had static populations. This is no longer the case. Thirdly, the days of the die-hard party followers have been reduced or eliminated.

It might be interesting to go into the history of gerrymandering. The practice existed in Britain and in the United States for a good many years, but it fell to the lot of an American to give it a name and to carry it to its ultimate extreme. He was a gentleman by the name of Elbridge Gerry who was very prominent in the early years of the nineteenth century in the political circles of the United States. He was a member of congress, a governor of Massachusetts and, in 1812, Vice-President of the United States.

While governor of Massachusetts he became especially noted for his ingenuity in carving up ridings in the senatorial districts of his state in a very unusual manner. One such riding was carved up by taking a pocket here and leaving a pocket there in such a way that all his opponents votes were cast in one place. When the outlines of the riding thus created were placed on a map it looked like a salamander, and political opponents named the affair a "gerrymander" after Mr. Gerry. That is the reason for the word, and also the background against which the practice was carried on at that time.

I do feel that such gerrymandering as took place in 1812 would not be tolerated at the present time. When it was carried out, it was done to the discredit of those who were responsible. Furthermore, it is not always profitable, as those who carved up certain ridings prior to the general election of 1949 discovered to their sorrow. Aside from this, there are three practical reasons in support of this contention, as I have already mentioned.

The first is that majorities are increasing. In the early days of this country members were elected by a very small margin of votes. Let us consider my own riding of Parry Sound-Muskoka. I find that in the first election of 1872, the majority for the successful candidate was 121. In 1878, the majority was 63, and in 1882 it was four. But since 1935 a very different picture has been presented. In that year, for instance, the majority was 2,265. In 1940 it was 1,691; in 1949 it was 1,820 and so forth down to 1957 when the majority was 3,853.

Only a few days ago the hon. member for Marquette (Mr. Mandziuk), when outlining the history of his riding, reminded us that at the first election there an equal number of votes was cast for each of the two candidates and as a result of some manoeuvring at that time both were elected. For the first ten elections, the majority to the successful candidate never amounted to more than 500 votes. However, in the eight elections since 1926 the majority has never been less than 1,000. In more recent times, the majorities have been even greater.

Related to this is the second matter I mentioned—static population. The population of Canada is no longer static. Population shifts are more frequent; travel is more extensive; immigration has changed the nature of many ridings, and a good many of our immigrants are now becoming entitled to vote. People move more rapidly from one area to another. In these circumstances the deliberate gerrymandering of seats might nowadays not even bring about the desired result by the time the next election rolled around.

The third matter I mentioned concerned the floating vote. We have noticed in recent times that people are beginning to vote as they see things rather than as their fathers saw them, and in recent elections we have observed that when there is a swing there is a massive swing in one direction or the other. To a large extent, therefore, a gerrymander which would gain a party a few votes would not necessarily be enough, unless it were terrific in scale, to ensure a riding for a particular candidate. Thus I say that the dangers of deliberately contrived gerrymandering are no longer a serious factor.

But even if this were not so, I should still be opposed to the bill for another reason. I am firmly of the opinion that we already have too many government commissions, crown companies and boards, directing the affairs of Canada, making decisions which should be made by parliament or the government, spending large sums of money and remaining responsible to no one for their decisions. They are independent, and the elected representatives of the people of Canada have no control over these commissions in any effective way. They have been established in very secure positions, and they have been removed from political interference.

To whom are these commissions responsible? The elected members of this house are

responsible to their constituents, and if they fail to carry out their duties in a satisfactory manner a very easy way to replace them is to vote against them at the next election. Whenever duties are passed on to a commission or to a board which is not responsible to anyone it adds just one more link to the chain which is getting away from responsible government. The enactment of the bill before us would create a body, and I quote from the bill—

—independent of the parliament of Canada.

As I said, the parliament of Canada represents the people of Canada and each of its members is responsible to the people for its actions. It is less than 100 years since we in Canada secured what we would term responsible government; indeed, it is approximately only 27 years since the Statute of Westminster made us a completely self-governing, responsible country. Since that time the process toward responsible government seems to have been reversing itself. I regret the continual moves that have taken us away from this position to a situation wherein we have boards, commissions and bodies governing extremely important aspects of the affairs of the country and being responsible to no one. Each step seems to be designed to take power away from the representatives of the people and I am opposed to this trend.

The bill as presented does not indicate what type of body would be set up and that to my mind is the most serious weakness in it. Before parliament surrenders any of its inherent rights I feel it must know to whom the rights are being surrendered. It must know what sort of body, commission or board is being established and it must know what type of people and how many will comprise the particular commission and what its responsibilities are. By supporting this bill we would be surrendering the rights of parliament without knowing to whom we were surrendering them. I would be strongly opposed to delegating any such authority until the responsible body is clearly spelled out and even then I would want to examine closely the composition of the body to whom this authority would be delegated. I could not possibly support the bill in its present form.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, I am against this bill which is meant to introduce in subsection (1) of section 51 of the British North America Act, 1867, the underlined words:

independent of the parliament of Canada.

I do not approve of amending the British North America Act. If amendments are considered, let a conference be held of the provinces which gave birth to the confederation pact of 1867. It is time to put a stop to those repeated assaults which scoff at the provinces.

Since 1867, there have been about seven amendments to the constitution and, for the most part, they were made without consulting the parties concerned, the provinces.

In 1871, for instance, the United Kingdom parliament passed an amendment granting the parliament of Canada the right to create provinces and to deal with their representation in the House of Commons. I think that this amendment validated an act concerning Manitoba.

In 1886, there was another amendment authorizing the federal government to form, within parliament, a representation for the territories, even if they did not enjoy provincial status. I understand that this act corroborated the representation already granted to some of the territories.

In 1915, another amendment aimed at increasing the number of senators provided that the number of representatives attributed to a province in the House of Commons be not less than the number of senators to which it was entitled.

In 1943 another amendment put off until the first post-war session the redistribution which should have followed the census of 1941.

Then in 1946 there was another amendment which laid down new rules governing the number of members in the House of Commons.

Finally, in 1949, as part of the terms of union between Newfoundland and Canada, there was an amendment providing for a certain representation from that province.

Moreover, two orders of the Imperial Council established the representation of the provinces of British Columbia and Prince Edward Island.

Another amendment, adopted in 1916, was designed to extend the life of parliament.

In 1949, parliament amended the constitution in respect of the adjustment of representation in this house. But the government of the day should have consulted the provinces.

In 1951 the British North America Act was once more amended by unilateral action, without provincial consent. However, no provision had been made in that regard in the 1867 act which would have given the federal government the right to amend the

constitution. And when the present government sat in opposition it made its views clearly known in the historic debate which took place during the fall session of 1949, with regard to a government proposal to amend the British North America Act in order to allow the federal government to amend the constitution on matters which were held to be of a purely federal nature.

In fact, on October 17, 1949, the then leader of the opposition, Mr. Drew, immediately proposed the following amendment on behalf of the official opposition, as is recorded in page 841 of *Hansard* of that date:

That the said proposed resolution be amended by striking out all the words after the first word "that" and substituting therefor the following:

"That His Excellency the Governor General in Council be requested to convoke as soon as may be possible a constitutional convention of representatives of the dominion and provincial governments to devise a method of amending within Canada the constitution of Canada, and of safeguarding minority rights; so that such method may become the subject later of an humble address, when adopted, to His Majesty the King praying an amendment of the British North America Act, 1867, accordingly."

Furthermore, the now Minister of Finance (Mr. Fleming) stated also, during the same debate:

We are confronted here with the fundamental issue of respect for the Canadian constitution. On that issue we of the official opposition take an inflexible position that there is no right in this government or in this parliament to proceed to legislate now for the purpose of amending section 51 of the British North America Act without consultation with the provinces. So far as that kind of consultation is concerned, we say that in the light of history it is abundantly clear that we would not have had a united Canada and would not have had confederation had there not been some basis of agreement on the part of the initiating parties inscribed in the Quebec resolutions and later in the British North America Act. This is the basis upon which Canada came into being, and notwithstanding all the sophistry that has been uttered in the house on the subject of the great powers of the central government I say to you, sir, that we ignore and do violence both to the letter and the spirit of confederation by seeking, in the manner proposed by the government—

—of the time, which was the Liberal government—

—in the present bill and on other occasions, to ride roughshod over the British North America Act.

Mr. Speaker, I wish to remind hon. members of the wise statements of Sir Wilfrid Laurier and the Right Hon. Ernest Lapointe about the British North America Act. Sir Wilfrid Laurier, for instance, made in this house, in 1907, a speech that has remained famous.

Confederation is a compact, made originally by four provinces but adhered to by all the nine provinces who have entered it and I submit that this compact should not be lightly altered. It should be altered only for adequate cause, and after the provinces themselves have had opportunity to pass judgment on the same.

I should think this is clear enough. May I also quote the words of the Hon. Ernest Lapointe, in a speech he delivered in the House of Commons in 1924:

The British North America Act and the limitations which are imposed upon our powers, if there are any such limitations, are made of our own free will. There is no inferiority in that. It is the result of a treaty, as my hon. friend from Lotbiniere (Mr. Vien) has pointed out.

And further:

Now this treaty cannot be changed, it has been the contention of many constitutional authorities and I think it is only fair that no change should be accepted, without the consent of all those who were parties to it. It is a sacred treaty just as is any other treaty; it is no "scrap of paper".

(Text):

Mr. Winch: May we have a copy of the speech now being read?

Mr. Chambers: He is not reading; he is quoting.

Mr. Ricard: The hon. member would not know the difference.

(Translation):

Mr. Pigeon: Mr. Speaker, I am quoting words of former members of the House of Commons.

Allow me to quote the late Hon. Ernest Lapointe who, in 1925, said in this house:

Surely, the British North America Act cannot be made a scrap of paper, as the neutrality treaty was made at that time. There is a way, perhaps, yes; but the only way is the friendly way, is the legal way, is the constitutional way. It is to approach the various parties to the agreement with a view to arriving at an understanding as to the changes which may be necessary and which may be agreed upon by all the parties to the pact. As I have said, I do not think there could be any other way; I believe that any arbitrary action in the matter would simply defeat its own purpose and would strike at the root of our national unity. I think I cite history correctly when I say that every time there has been a dispute in Canada as regards provincial rights, those who were on the side of provincial rights were victorious in the end.

I do not think there can be any attempt to change the mutual charter of both the dominion and the provinces by the arbitrary action of this parliament. I do not think it is possible to do it. To those who want changes, and I am willing to admit that there might be the necessity for changes, I would say that the one way to get them is the constitutional way, to ask the consent of the various parties to confederation.

Well, Mr. Speaker, if the members of the C.C.F. party wish to amend the Canadian constitution, I must say that I agree with the late Mr. Ernest Lapointe. Let the contracting parties, that is the provinces, be consulted

and, after the matter has been discussed with the federal government, if there is need for an amendment, it will be brought about but, of course, with the agreement and the approval of the provinces.

Mr. Speaker, to show that I disapprove of this bill, I have quoted the words of great Liberal leaders of the past who stated in this house that no amendment should be made to the British North America Act before consultation with the provinces.

Mr. Speaker, I feel that the federal government should insist on setting up a commission whose function would be to study the readjustment of the representation in the House of Commons.

As far as my constituency is concerned, Mr. Speaker, I should like to express this wish: I would like it to be kept as it is: one of the finest. Of course, it is one of the largest in the country but, just the same, I should like it to remain as it is, since I had the honour of being a candidate there and while the former member, Mr. Breton, had been elected with a majority of 15,200 votes, the people of my constituency gave me one of 6,372. For those reasons, Mr. Speaker, I should like to express the very legitimate wish of keeping my constituency intact although it is one of the largest in the country.

I am opposed, therefore, to this bill, because it is at variance with fundamental principles; if the Canadian constitution is to be modified some day, it would be logical and indispensable that the provinces be consulted.

(Text):

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I strongly support the bill introduced by the hon. member for Port Arthur (Mr. Fisher). I appreciate the remarks made by the hon. member whose constituency I cannot recall, and I would have liked to know exactly what was said by the hon. member who has just taken his seat. All I can say is:—and I apologize for the way I say it—Monsieur l'Orateur, je ne peux pas parler français. I understand that he opposes the bill.

This bill is not only an interesting one but it is one which is required in our country. The hon. member who spoke prior to the last speaker said that it was taking away the power of parliament. It is doing no such thing. It is asking that as far as the establishment of voting rights of constituencies are concerned it shall be determined on a non-political basis.

An hon. Member: Is that not the way it is done now?

Mr. Winch: The hon. member does not fully realize what he said. I have had the honour now of being a member of this House of Commons for only five years. Prior to that I was 20 years in the legislature of British Columbia and in that 20 years I was twice named as a member of a redistribution bill committee. I want to tell you, Mr. Speaker, and all hon. members, that of all the committees convened by parliament the dirtiest and the rottenest and the most difficult to be on is the redistribution bill committee, and I have been on one twice in British Columbia. You can be as altruistic as you like; you can be as eloquent, sir, as they want to be on the other side of the house, I am telling you that the dirtiest, rottenest job that a man in parliament can have is to be a member of a redistribution bill committee.

An hon. Member: You said that.

Mr. Winch: I said it and I am repeating it.

Yes, you can even be a C.C.F. member, and it is a rotten job, because as a member of parliament and a member of the committee you have the job of outlining the area of constituencies; the number of voters in constituencies and how many members there shall be—it is hell. I know it. Do not tell me that it is not the same on the federal basis as it is on the provincial. Irrespective of your party representation you are, first of all, faced with a committee that has to work out the representation on a logical basis. As a member of the committee you want to protect you own constituency and your own party. As soon as the committee submits its first report, then every member of every party comes to members of the committee and wants changes made here and there. Let us be honest, you should know this is a fact.

The hon. member spoke about gerrymandering. Of course, any time you have a parliamentary committee that has to deal with the breaking up of constituencies and the realignment of constituencies, there is gerrymandering. Surely, that is what we all should want to get away from. We do in the C.C.F., and we hope the government and official opposition do too. The only way this can be accomplished is to have the work done by a committee, completely outside of parliament.

Is there anyone in this House of Commons who would dare stand in his place and say

that he does not want an unbiased, scientific analysis of Canada, a scientific basis for representation in this House of Commons? This cannot be accomplished except by people not directly connected with politics. If any member of the government, the opposition or the C.C.F. tells me it can, I say he is a liar because it cannot. Personal prejudice, constituency prejudice and party prejudice all enter the picture because we are all human and subject to human frailties.

I would not like to close my seat after 25 years and no other member would either whether he is here 25 years or only two months.

Mr. Halpenny: You will get a pension.

Mr. Winch: I am honest; are you honest?

Mr. Halpenny: I have on a red carnation, how could I be honest?

Mr. Winch: I have been here in Ottawa and in Victoria for 25 years. Twice during that time I have been on redistribution committees. I say, as a member of the C.C.F. and believing I am honest, that you cannot be honest on that kind of committee. You cannot be honest, because personal interest, personal prejudice and party interest all enter the picture.

An hon. Member: Is that so?

Mr. Winch: Are you afraid to hear from an honest man?

Mr. Ricard: You cannot be honest without being in the C.C.F.

An hon. Member: Are you sure about that?

Mr. Ricard: We can be honest; we have been honest all the time.

Mr. Habel: Are you sure about that?

Mr. Ricard: You are sure of that.

Mr. Winch: I did not catch what my hon. friend said, but I will say this. When the vote on this bill is taken, I intend to watch very carefully to see where he stands to be counted.

Mr. Ricard: You stand just because there is enough desk around you.

Mr. Winch: I do not see any halo around you.

The Acting Speaker (Mr. Rea): Order; I must remind hon. members that they must address the chair and not each other.

Mr. Winch: One of our members has introduced a bill asking this House of Commons, in plenty of time, to establish a basis for representation in the house by constituencies and by provinces by a completely scientific analysis, completely free of any political interest whatever. I believe it will be 1962 before the bill can come into effect. The final bill concerning representation by provinces and by constituencies must be passed by this House of Commons and the other place. The final authority rests with the House of Commons and the other place. This bill now before us requests that the law be amended so the decision shall be made on a nonpolitical basis.

I fail completely to understand why a member of any party in this house could object to that scientific, nonpolitical basis. The final authority rests with the House of Commons, and I sincerely hope that the members of this house, when it comes to a matter of this nature being nonpartisan, will support the bill.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, before I commence my remarks concerning this bill I should like to deal in some detail with some of the matters raised by the hon. member who preceded me and, I must confess, some of the rather astonishing implications, perhaps philosophical implications, of the comments that he made. I recall, in particular, his fervent, moving comments concerning the dirty, rotten redistribution committee on which he said he had the privilege of serving while a member of the British Columbia legislature.

Might I suggest in passing that it seems to me rather typical of those who occupy the eight lonely seats in the corner—

Mr. Peters: They are never lonely.

Mr. McGee: —that when they are handed something which is dirty and rotten, according to their own definition, their first reaction is to pass the buck to somebody else.

The somebody else to whom these dirty, rotten and other tasks are passed has always fascinated me about the philosophy of this little group in the corner; because in passing these things, things such as the control of the economy and other such matters that this group advance as their solution to the problems of Canada today, the powers they impute to the men who will make up these powers and to whom they pass their dirty rotten jobs from time to time, are incapable of solving them. For instance, if I may be allowed a "for instance", who is going to produce this planned economy?

Mr. Fisher: I rise on a point of order. It seems to me that the hon. member is far off course.

Mr. Hamilton (York West): Speaking to the point of order, may I say this. Surely the hon. member is allowed to lay the groundwork for

what he intends to say in connection with this debate. My hon. friends have not even given him that chance.

The Acting Speaker (Mr. Rea): I felt that the hon. member was laying the groundwork. Therefore, if he will continue we will save time.

Mr. Pickersgill: With a tar brush.

Mr. McGee: I notice that the hon. member for Bonavista-Twillingate (Mr. Pickersgill) is protesting. Is he doing so on behalf of this little group in the corner?

Mr. Pickersgill: I was saying that the hon. member seemed to be laying his groundwork with a tar brush. That was a purely objective observation.

An hon. Member: You profess to be a judge, do you?

Mr. Pickersgill: A member of the public.

Mr. McGee: The other comment which interested me—and I hope no hon. members will object to my commenting on the remarks of the member who preceded me, much less the hon. member himself;—it seems to me that that is the purpose of debate in this house, namely to comment on matters referred to in the speech of the member who precedes one in this debate or in any debate for that matter.

Mr. Pickersgill: One irrelevancy deserves another.

Mr. Bell (Carleton): There is no better judge of that.

Mr. McGee: As to the hon. member for Bonavista-Twillingate, when the history of this country is written and the students of future years examine *Hansard* they will wonder who in the world this wonderful person was who presumed to participate in virtually every other member's speech in the house.

Mr. Habel: They may find it is you.

Mr. Winch: In view of what the hon. member has said, is he going to comment on my remarks that politics should have no connection with redistribution? I have been saying that for a while now.

Mr. McGee: Mr. Speaker, I have been honestly trying to come to my point. My friend the hon. member for Bonavista-Twillingate, who seems to be incapable of remaining silent for more than about 15 minutes at any given time, has interrupted. Two members from the lonesome eight in the corner have interrupted. I should very much like to get on to the body of my remarks. This statement is my final comment on the philosophy of your group. I think it has been said far better than I can say it by the hon. member for St. Lawrence-St. George (Mr. Chambers) who said "he represents what I call the socialist doctrine of the assumption of the monopoly of virtue." Yet I find it is in curious contrast to the statement made by the hon. member to the effect that we are all human, implying that there was something sort of nasty about this process of the state of being, a statement with which I do not mind telling my hon. friend I do not agree.

Mr. Winch: Are you not human?

Mr. McGee: In acknowledging that fact I do not associate myself with the characteristics of the hon. member who originated the statement. We are all human beings, yes, but different human beings.

Mr. Winch: Have you no frailties?

The Acting Speaker (Mr. Rea): Order. I must again remind hon. members that they should and must address the chair.

Mr. Winch: I will address you, Mr. Speaker. Is my hon. friend prepared to sing his own praises now and to say that he has no frailties of a human being?

The Acting Speaker (Mr. Rea): That is not a question, I do not think. Will the hon. member continue?

Mr. Winch: It is a question that he will not answer.

Mr. McGee: Mr. Speaker, it seems to me to be an unnecessary question.

An hon. Member: He wants you to confess.

Mr. McGee: In pursuing this matter of commenting on the content of the remarks of the speaker who preceded me, my effort is obviously not destined to be too successful in view of the number of interruptions. I think every hon. member of this house agrees that there is a need to achieve a fair redistribution. Following along with the idea of this matter of fairness I think it behooves us to examine the actions of past parliaments which dealt with redistribution, to observe the degree of fairness which they exhibited towards certain political decisions, not the least of which was the gerrymandering of the former riding of the present Prime Minister (Mr. Diefenbaker) and to examine the record of those former governments in such matters. This is like many of the matters, resolutions, private bills and motions being put forward by the lonesome eight. I think they are fighting a lost battle; that they are protesting where protest is no longer required; that they are in the words of a certain gentleman who wrote an article recently in an edition of the Canadian Journal

of Economics and Political Science, "becalmed in a protest movement". They make noises similar to those of bygone days but their point and purpose is lost.

Certain interesting notions manifested themselves in the redistribution of 1952, such as the notion that the ridings of the party leaders—and this one intrigued me—should be left unhampered. In other words, certain basic principles or governing principles were being laid down then with a series of notable exceptions. I was going to deal with the specifics of this matter in far more detail but owing to the fact that I have been interrupted on such frequent occasions I find that my time is considerably diminished.

However, I will deal just with this basic notion, if you will permit me to do so, Mr. Speaker, of the position of the opposition parties in this parliament. It may be that this parliament will be responsible for redistribution and then again it may not. It is by no means a certainty, as I understand the facts and as I have studied this matter, that redistribution will occur before the next election. This certainly leads me to a side issue, Mr. Speaker, but if you will allow I would say that I do not think an independent body or group can make the specific decisions concerning the riding boundaries in local areas. The problem of defining specific boundaries must be within the control of persons who know more about these matters than anybody else.

This goes along with the notion of the C.C.F. that we should have experts to deal with these things. I do not know about the hon. member who has just taken his seat, but I consider myself as something of an expert on my own riding and I think this is true of every member in every quarter of this house. Who, better than you, is qualified to make political value judgments about boundaries and possible changes in your riding; who, by self-interest, by political education or otherwise, is better qualified for that task? I would remind the hon. member who sponsored this motion and those in his group who are supporting it that this is the essential weakness in handing over, holus-bolus, to an independent commission responsibility for specific knowledge of this kind.

I read in Norman Ward's article in the *Journals* of 1953 of the many complex problems which manifested themselves at that time and what occurs to me is that an independent body, agreed to by members of this house, should meet now or very shortly, not to effect redistribution but to lay down certain general principles, acceptable to every member and every group in this house as far as such agreement is possible. Having agreed upon those principles which affect the limiting of percentages, lost seats in provinces and diminishing representation in relation to the total, and the problems which are obviously going to manifest themselves as mentioned in the Gordon report for example with respect to the 15 metropolitan areas which in 1951 had 5,190,000 inhabitants and which by 1980 will have approximately 12 million inhabitants, these and similar problems should all be considered by such a body. There are statistics and facts available for the use of such a body to enable them to agree on the basic redistribution principles.

Where I part company with my friend in the corner is at this point. I believe that having laid down these principles, having achieved concurrence in this house, then the matter should come before the house with respect to questions of detail. Yes, it is going to be give and take; yes, it is going to be horse trading; yes, it is going to be a lot of things, but I do not think it is going to be dirty or rotten or filthy, and I do not think the ugly side of human nature is going to manifest itself in quite the degree suggested by my hon. friend. We in this house must ultimately be the masters of our own political future, and I would suggest, particularly to my hon. friends in the corner, that they rest easy because if the treatment they receive as a result of re-distribution is consistent with the treatment they receive, have received and will receive from this government—with, mind you, the largest majority in the history of this country—in terms of allotment of speaking time, in terms of committees and the increased powers of committees, then they will come out of redistribution in a far better position than any other opposition group which has ever been represented in this house.

Mr. Fisher: May I say, Mr. Speaker that I hope the hon. gentleman who has just sat down does not believe the bill was introduced because we thought we were going to be badly treated.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, if we refer to the B.N.A. Act, we note that the fathers of confederation, in order to ensure a distribution of electoral seats which might really meet the needs of the people, provided under section 8 for a compulsory ten-year census, and under section 51, for a distribution of electoral seats based on such census.

The hon. member for Port Arthur (Mr. Fisher), in introducing his bill, would like somehow to suggest to the house that the distribution of electoral seats should be done in a manner completely different from the one now in use. I am in full agreement with my hon. friend the member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) when he explained a moment ago that any amendment to the B.N.A. Act should be a matter for unanimous consent by all provinces and the federal government, because it is a pact. On the other hand, the bill submitted to this house aims at finding a remedy or, at least a method of implementing section 51 of the B.N.A. Act. And the hon. member for Port Arthur wants the distribution of seats in the house to be handled by a body or rather by a commission independent of parliament.

To me it is inconceivable that hon. members of this house should not be called upon to give their own views on redistribution, because they, more than anyone should be familiar with the overall pattern of this country, as they are representing all its ridings. On the other hand, I am not in favour of creating a body or commission, which would not come under the immediate jurisdiction of the House of Commons.

This is in fact an opinion expressed some years ago by the Right Hon. William Lyon Mackenzie King in 1933. If we refer to the official record of this house for 1952, pages 3897 and following, we will see that there was a discussion in the house on this matter when there was before it a proposed redistribution of seats. At that time, as previously, all party leaders were unanimous in suggesting the setting up of a commission or body of that type. Some hon. members even went so far as to suggest the setting up of a committee composed of judges. I cannot see hon. judges, who are removed from politics, having to travel from one point to another in this country in order to carry out a work of a purely political nature.

I believe that all members of the opposition, among whom are hon. members of the C.C.F. party, as well as members of the party in power, are unanimous in looking for a solution which would be such as to make it clearer to the Canadian people why such and such change is being made during the redistribution of electoral seats. The people are not sufficiently informed on the reasons that would justify a committee of the house to make certain changes such as, lopping off part of a constituency and adding it to another one. Some people cannot understand the real meaning of a census in this regard and, consequently, they cannot realize why such a change is made.

Well, the establishment of an independent body or commission which could be made up of economists or surveyors appointed by the provincial and federal governments would be one way of ensuring a fairer distribution of constituencies. As regards the number of constituencies in each of the provinces, the ten provinces would have to be consulted and then the house could consider the report of such a commission. Besides, the house would always have the power to accept or reject such a report.

At present, the redistribution of electoral seats is made by a committee which sets up one or more sub-committees to consider the need, the advantages or the necessity of redistributing the ridings. Whoever we are, we are human, and naturally we tend to protect members of our own party who might perhaps lose a large section of their riding. So much so that a member, with no ill intention perhaps, might accede to the request of a colleague which however might not truly meet the economic situation.

We are 265 members coming from different parts of Canada and I do not think that any one member can be familiar with the economic needs of every part of the country. A committee made up of 40 or 50 members would not be able to study the real needs of the country as a whole and, as I said a moment ago, this committee could instinctively make decisions which would not be in the interest of the population at large. Furthermore, in these serious times, when our parliamentary institutions seem to be directly attacked by ideologies contrary to our own, it is our utmost duty to try to improve that situation in order that this need which comes up every ten years may be truly met according to local conditions and according to the population of each of the electoral ridings.

As I said a few moments ago, we could appoint economists or land surveyors who would study the main reasons for a certain number of electors to be included in one electoral constituency, rather than in another.

I believe that the members of parliament would be the true spokesmen of the people they represent because, at the present time, some constituencies are too often made up in large part of a labour population side by

side with a rural population. The mentality and the needs of each of the group composing those constituencies are often quite different and there might be some advantage in distributing the seats in such a way that the urban population of one constituency be 25 per cent higher than its rural population.

At any rate, Mr. Speaker, the bill proposed by the hon. member for Port Arthur deserves a detailed discussion. The opinions I am expressing tonight are not personal opinions; they are the consequence, the result of research I made in different speeches delivered on the matter.

Mr. Speaker, I repeat that this bill deserves our attention because the difficulty of ensuring an equitable distribution of electoral seats in any country is here complicated by the necessity of taking into account the various economic and social interests of the different racial groups, the growth of our population and its movements, and of making allowance, in the cities, for the economic conditions and, in the country, for new areas.

In spite of the evident and legitimate goodwill of all those members who would sit on the committee entrusted with the task of studying the redistribution of Commons seats, I fail to see how the solutions they would put forward would really satisfy the needs of the various groups in this country. As things stand, hon. members must speak on behalf of their constituents. Now these problems are different, and for this reason I do feel that it would be better to set up an independent commission.

Be that as it may, Mr. Speaker, I conclude by saying that I support the bill moved by the hon. member for Port Arthur, provided that the commission that might be established be responsible to the House of Commons for its work so that the house may have the final say and even give orders with respect to the kind of research to be made in order that redistribution in the future may be more to the advantage of all and each of the voters of this country.

(Text):

Mr. Egan Chambers (St. Lawrence-St. George): Mr. Speaker, I feel that we have before us this evening a most important subject. There can be few things more important in a democracy than trying to assure for the people an adequate reasonable and equitable representation in the legislature.

I would like to congratulate the hon. member for Port Arthur (Mr. Fisher) for bringing this matter to our attention once more. I also wish to commend him on the great amount of research that he has obviously done into the history and background of redistribution as it has been practised in this country in the past and as it is practised in other countries.

The particular method that this bill proposes to use to change our system of redistribution is one of amendment to the British North America Act. I would imagine that in choosing this method the hon. member had in mind creating something of permanence. Section 51 of the British North America Act is one of those sections that is susceptible of amendment in Canada by this house.

In the meeting of the special committee of this house on redistribution in 1952 Dr. P. M. Ollivier, parliamentary counsel of the House of Commons, noted that the British North America Act, No. 2, 1949, introduced an amendment to section 91 of the British North America Act of 1867 which relates to the legislative authority of the parliament of Canada. He explained that by this amendment it was made lawful for the parliament of Canada to amend the Canadian constitution with certain exceptions which are enumerated in the amendment. Sections 51, 51(a) and 52 do not fall within these exceptions and can, therefore, be amended by the federal parliament.

The point that should be noted is that we can amend the act at this time to create the commission the hon. member seeks to have established but there is nothing to prevent a future parliament from amending it again to revert to the old system or to introduce another system. The law as it reads today is adequate to provide for the setting up of a commission for redistribution, as I understand it. Section 51(1) of the British North America Act provides in effect that on the completion of each decennial census the representation of the provinces in the House of Commons may be readjusted by such authority, in such a manner and from such time as the parliament of Canada from time to time provides, subject and according to certain rules relating to the proportionate representation of the provinces.

The idea of the hon. member for Port Arthur is to remove this right from the powers of parliament. I submit this is impossible and that the amendment, itself being amendable by parliament as I have said, would not have that effect. The subject

matter and principle of this bill have great merit and I feel that perhaps a great deal of reform could be usefully introduced in our electoral institutions. I hope that a committee of this house will soon be empowered to look into the subject of the Canada Elections Act and the question of redistribution.

As the hon. member for Port Arthur pointed out, the subject of redistribution has plagued—I was going to say succeeding governments, but it has really plagued succeeding oppositions down through the years. I come from a riding which has shrunk since the last redistribution. There has been a great deal of changing of residences into commercial properties, widening of streets and other things involving the removal of residential properties. Under any system of redistribution I imagine that the riding of St. Lawrence-St. George would be profoundly affected.

However, I feel I must agree with what was said earlier by an hon. member to the effect that if the day has not passed when great advantage can be gained for a party by control of redistribution it certainly is well on its way to having gone. The introduction and development of mass communication systems which brings the voices of leaders of the various parties to people all across the country has served to eliminate what in so many cases could be referred to as safe seats or protected pockets of people. I do not anticipate much objection when the time comes for redistribution on a fair and equitable basis. Of course, it would be impossible to redistribute the seats in this house in a manner that would make everybody happy, but on the basis of what has been said in this debate I believe that the hon. member for Port Arthur may be assured that when this matter comes up, as it no doubt will—and I hope along with him that it comes up soon before the fire horses begin to hear the bells of another election—he will find in evidence the mood that has been expressed in the speeches we have heard tonight—one of give and take and fair play for all concerned—and it is possible that a commission, better defined than that proposed in his bill, will be established. Mr. Speaker, may I call it ten o'clock?

Mr. Fisher: How naive can you be?

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask the hon. gentleman who is leading the house if the business which was indicated last evening will be the business for tomorrow?

Mr. Brooks: Mr. Speaker, tomorrow we shall continue with the estimates of the Minister of Public Works. Unfortunately, the business which was indicated last evening, the continued debate on NORAD, will not go on tomorrow. The Prime Minister, you will recall, adjourned the debate. Due to the presence of a very distinguished guest tomorrow, the Prime Minister of Great Britain, our Prime Minister will be very busy and unfortunately will not be able to continue.

Mr. Pickersgill: Could the minister indicate when the Prime Minister proposes to conclude the debate on NORAD?

Mr. Brooks: I could not give a definite indication, but some time next week.

Mr. McIlraith: What about the business for Monday?

Mr. Brooks: That will be announced tomorrow.

Mr. Winch: Mr. Speaker, before you adjourn, may I ask if in view—

Some hon. Members: Order.

Mr. Winch: —of the unfortunate situation of a week ago it is the intention to ring the bells tomorrow morning to summon hon. members to the chamber to hear the remarks of our distinguished visitor?

The Acting Speaker (Mr. Rea): That was announced by Mr. Speaker today. The bell will sound at 9.50 a.m.

Mr. Hamilton (Notre Dame de Grace): You should come down and listen to us some time, Harold.

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

ANSWERS TO QUESTIONS

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

MARCEL GRENIER

Question No. 47—**Mr. Rouleau:**

1. Was Mr. Marcel Grenier appointed to a permanent position by the civil service commission as auditor in the office of the district auditor's office of the unemployment insurance commission at St. Jerome, Quebec, in October, 1952?
2. Was Mr. Grenier dismissed in July, 1956?
3. If so, on what grounds?
4. Was an order in council passed pursuant to section 52, Civil Service Act, chapter 48, R.S.C., 1952?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. Yes, effective September 1, 1952.
2. Yes, effective July 5, 1956.
3. Failure to comply with instructions with regard to travelling expense accounts.
4. No.

RADIOACTIVITY TESTS

Question No. 59—**Mr. Martin (Essex East):**

1. Have recent tests been made in the level of radioactivity with regard to permissible limits?
2. Do these permissible limits correspond to those laid down by the national committee on radiation protection and measurement in the United States?
3. Are tests made of samples of milk to determine whether or not radioactivity exceeds the maximum permissible concentration for regular consumption?
4. According to the latest tests in Canada, what has been the concentration of strontium 90 found in milk samples?
5. Have other foods been selected for purposes of testing radioactivity levels in Canada?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1. Yes.
2. The recommendations of the international commission on radiological protection serve as a guide to the radiation protection work of the Department of National Health and Welfare. The United States national committee on radiation protection and measurement works in close co-operation with the international commission, and their recommended maximum permissible levels correspond closely.
3. Yes.
4. The strontium 90 content of the milk powder samples tested in February ranged from about 4 to about 15 micromicrocuries per gram of calcium. These figures may have to be slightly revised when further calibration data are available.
5. Yes.

HOUSE OF COMMONS

Friday, June 13, 1958

The house met at 11.30 a.m.

EXTERNAL AFFAIRS

PROPOSED FUND TO HELP UNDERDEVELOPED COUNTRIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister. Would the Prime Minister care to comment on a news report in this morning's edition of the *Globe and Mail* to the effect, and I now quote:

—that the Canadian ministers were cool to Macmillan's plan to create a one thousand million dollar fund for loans to help the economies of underdeveloped countries.

Mr. Speaker: I am not sure whether the Prime Minister feels that is something he would wish to deal with, but it seems to me to be a straight question of policy.

CANADIAN NATIONAL RAILWAYS

QUEBEC—LAY-OFFS IN SHOPS AT QUEBEC, CHARNY AND CHICOUTIMI

On the orders of the day:

Mr. Maurice Bourget (Levis): In the absence of the Minister of Transport, Mr. Speaker, I should like to address a question to the Acting Minister of Labour. Has the Minister of Labour or the Minister of Transport, now that he is back, received a telegram from the president of the Quebec and district labour council protesting against the lay-offs of employees working as machinists' helpers in the C.N.R. shops in Quebec, Charny and Chicoutimi? If so, has the minister taken any action to see that those employees are reinstated?

Hon. George H. Hees (Minister of Transport): I have not received such a telegram.

Mr. Bourget: I have a supplementary question. Owing to the fact that the minister has answered that he has not received this telegram, could I send him a copy and would he care to take action?

Mr. Hees: As I have pointed out on almost countless occasions, before any lay-offs are made by the management of the C.N.R. every possible investigation is made with regard to the possibilities of keeping the men employed. I will speak to the C.N.R. about this matter, but I feel sure it has been treated in exactly the same way as have other matters that have been brought up in this house and about which I have spoken many times. I know that the Canadian National Railways management re-employs these men just as soon as there is any work to justify their re-employment. They feel just as badly as I do and as I am sure every hon. member of this house does when it is necessary to lay off any single employee of the Canadian National Railways.

Mr. Bourget: I would like to ask a supplementary question. In view of the numerous lay-offs which have occurred in the past few months, would the minister consider arranging a special meeting with the C.N.R. management to deal with this whole question of C.N.R. lay-offs?

Mr. Hees: Mr. Speaker, as I mentioned some time ago in making an announcement in this house, the Canadian National Railways are employing an additional 5,000 men this summer. That is two or three times the number of people they will be laying off. The number of people re-employed or given summer employment will be several times the number it is necessary to lay off because jobs simply do not exist for them, and every priority will be given to those who are laid off with respect to this new employment program of the C.N.R. this summer.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question of the minister. What action is being taken by the C.N.R. or by the minister with reference to the lay-offs to which my hon. friend has referred? During this week there have been two or three such lay-offs. Has any action been taken, or is any action being taken, by the C.N.R. or by the minister with reference to those lay-offs?

Mr. Hees: As I have told members of this house, and I will be glad to point this out again to the hon. member, before any lay-off is carried out every possible means of keeping the man employed is examined. He is laid off only when there is simply no work for him to do. As long as there is any possibility of employing him in his job he will be so employed. If there is any chance of his being employed on the additional work being provided through the summer maintenance program, for right of way maintenance

and so on, then he will be given top priority for such employment. I do not think any hon. member can believe that the Canadian National Railways are acting in any way that is not completely fair in respect to this whole matter.

Mr. Chevrier: I am not suggesting that they are, but I would like to know if the minister could tell us how many of these people who are being laid off are being re-employed?

Mr. Hees: Just as many as it is possible to re-employ in the new work that is being undertaken this summer, and just as many as are willing to do that kind of new work.

PRIVILEGE

MR. HERRIDGE—REFERENCE TO STATEMENT IN DEBATE ON JUNE 12

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I trust I am in order, Mr. Speaker, because I want to rise on a question of privilege. When my bill to amend the Railway Act was under discussion yesterday afternoon the Minister of Transport, as reported at page 1075 of *Hansard*, said as follows:

> I have discussed the amendment with the board and its opinion is that the Railway Act already gives the board jurisdiction to prevent unwarranted reduction of train service and to entertain applications and complaints of municipalities and other interested parties regarding the adequacy of existing train service and any changes that may be proposed. In a word, the board considers that the amendment would not give to it powers that it does not now hold.

Mr. Speaker, I would now like to quote from a letter I have received from Mr. C. W. Rump, acting secretary of the board—

Some hon. Members: Order.

Mr. Speaker: Perhaps the hon. member would first indicate what is his question of privilege.

Mr. Herridge: My question of privilege, Mr. Speaker, is that the minister misinformed the house with respect to the value of my amendment. The minister claimed my amendment did not give the board additional powers, but the letter from the board indicates—

Some hon. Members: Order.

Mr. Herridge: —that it would have given additional powers.

Mr. Speaker: It seems to me that is a matter which should have been disposed of in the debate yesterday. After all, it is a question of opinion and argument. The hon. member and others spoke in the debate. This question of privilege is raised with respect to something which was said in that debate, and which was said before the hon. member closed the debate.

Hon. Lionel Chevrier (Laurier): May I rise on this question because, unfortunately I was not here yesterday. I looked at the statement made by the minister and that made by the hon. member who is now raising the question of privilege, and it was not possible for the hon. member to raise this question yesterday during the course of the debate. He has here in his hand, I am informed, a letter from the secretary of the board of transport commissioners indicating a position contrary to that taken by the minister. I feel he should be allowed to put it on the record, and the minister should be allowed to make a statement indicating what his position is vis-à-vis that of the secretary of the board of transport commissioners. I believe this procedure would be as fair to the minister as it would be to the hon. member.

Hon. Howard C. Green (Minister of Public Works): May I point out that in this debate yesterday the hon. member for Kootenay West made his opening speech. The Minister of Transport also spoke, and the hon. member for Kootenay West closed the debate. That was his chance to bring up any answer. Surely he is not entitled to do so now under the guise of a question of privilege and make a further reply to something that was said yesterday. If he had other material he should have brought it to the attention of the house yesterday.

Mr. Herridge: I was going to ask the minister a question. Would he consult with the board and inform the house who is correct?

Mr. Speaker: I will permit that question to be asked, but we are departing from the point of privilege which I want to dispose of now. Assuming the minister's statement was not correct, it still does not present any question of privilege that I am able to see. There is no reflection upon any member of the house or on the house or its proceedings. It seems to me that what the hon. member is really trying to do is reopen the debate. Unless he has some further point I cannot see that this matter can be raised as a question of privilege.

Mr. Herridge: My point of privilege is this. The opinion which the minister gave to the house had a disastrous effect on the support given to my bill.

Hon. L. B. Pearson (Leader of the Opposition): With great respect, sir, is it not a question of privilege if a minister inadvertently misinforms the house about a bill upon which a vote is to be taken, and in that way influences the vote on that bill?

Hon. George H. Hees (Minister of Transport): Perhaps I can clear this up. Yesterday when I spoke in this house what I said was based entirely on information given to me by the board of transport commissioners as to what their powers and responsibilities are in this matter. What I said still stands. The privileges of municipalities, according to the information given to me by the board, are as I said in this house yesterday. There is not one word of what I said yesterday which I would feel requires to be changed in any way, shape or form.

RIGHT HON. HAROLD MACMILLAN

INCLUSION OF ADDRESS TO BOTH HOUSES OF PARLIAMENT IN PROCEEDINGS OF TODAY

Right Hon. J. G. Diefenbaker (Prime Minister): May I ask the leave of the house to revert to motions?

Mr. Speaker: Has the Prime Minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Diefenbaker: Then I would move, seconded by the Leader of the Opposition (Mr. Pearson):

That the address of the Prime Minister of the United Kingdom, the Right Hon. Harold Macmillan, before members of the Senate and of the House of Commons in the chamber of the House of Commons this day, together with the introductory and related speeches, be included in the *House of Commons Debates* and form part of the permanent records of this parliament.

Motion agreed to.

[*For text of address above referred to, see appendix, pages 1149-54.*]

HOUSING

CENTRAL MORTGAGE AND HOUSING—ALLEGED ARREARS ON MORTGAGE LOANS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to direct a question to the Minister of Public Works. In view of the statement of the head of Central Mortgage and Housing Corporation concerning the number of people who are falling into arrears in their monthly payments on mortgage loans, would the minister consider making a public statement on this matter setting out the government's position on a moratorium on foreclosures in cases where illness or unemployment is a factor?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this is a report, I understand, of a meeting held by a committee of the other house. I rather think the report is a bit sensational. Certainly I know of no such situation as serious as this report would indicate. As for a moratorium, that would come under the jurisdiction of the respective provincial governments.

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask a supplementary question of the Minister of Public Works arising out of the answer he gave to the member for Port Arthur.

Will the Minister of Public Works not reconsider what he said with regard to the jurisdiction of this parliament in the matter of obligations owing by individuals to the crown in the right of Canada? What my hon. friend said with regard to moratoria generally I am sure is correct. General moratoria obviously arise out of the jurisdiction of the provinces. But will he not give consideration to his answer and perhaps on Monday or at some other time give a correct interpretation which clearly is that relief from obligations or debts owing by individuals to Canada come within the jurisdiction of the government of Canada?

Mr. Green: Mr. Speaker, the hon. member for Essex East is always very plausible, especially when he thinks he can make a little trouble for the government. As a distinguished lawyer he knows just as well as I do that the question of imposing a moratorium rests with the provincial governments.

Mr. Martin (Essex East): Then, Mr. Speaker, may I ask the Minister of Justice, who is a distinguished lawyer, if he will give consideration to this question?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I suggest that the hon. member might consult the law books himself, and he will find that on this occasion he is wrong.

Mr. Martin (Essex East): Mr. Speaker, in view of the attitude the Minister of Justice takes with regard to giving legal advice to the house—an attitude which I may say is in accordance with the traditions of his high office—would he consult the law officers of the crown?

SHIPPING

BRITISH COLUMBIA—STATEMENT ON TAXATION OF WHARVES AND BOAT HOUSES

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, yesterday the hon. member for

Inquiries of the Ministry

Kootenay West redirected my attention to a question he had asked me on May 22 as recorded at page 340 of *Hansard*, which I took as notice. I apologize to the hon. gentleman for having been so long in giving him a reply. The hon. gentleman's question was as follows:

> In view of the fact that the government of British Columbia is giving consideration to the assessment of yacht club wharves and boat houses for taxation or exemption, and in view of the fact that such publicly-owned marine facilities might properly be considered as aids to navigation, would the minister inform the house whether under these circumstances such aids to navigation come within the jurisdiction of the federal government?

My understanding is that the hon. gentleman's question arose in connection with wharves, etc., on the lakes in the Kootenay area. Perhaps I should just say a word as to the position which has always been taken and which I also take as to the propriety of the Minister of Justice giving what are, after all, legal opinions on public matters in this house. As adviser to the government it is not proper for the minister to give legal opinions on public matters to the House of Commons; his task is confined to that of advising the government.

Therefore I can only answer the question in a very general way by saying that the jurisdiction of the federal government in waters such as these is confined, as I understand it, exclusively to matters of navigation. The question of the right to tax could only be determined if and when any legislation or other action to impose taxes is actually passed or taken.

NATIONAL DEFENCE

REPORTED U.K. USE OF U.S. ATOMIC WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs in the absence of the Minister of National Defence, to whom perhaps it should be addressed, arising out of a report from Washington to the effect that arrangements have been made between the United States and United Kingdom governments by which United Kingdom forces may now use atomic weapons made in the United States. Are there any such arrangements covering Canadian forces?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I will take that as notice, Mr. Speaker.

[Mr. Fulton.]

ADMINISTRATION OF JUSTICE

DOUKHOBORS—NEGOTIATIONS WITH BRITISH COLUMBIA

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Minister of Justice, who I understand has been out in British Columbia lately. Would the minister care to make a report on any negotiations or discussions he had with officials of the government of British Columbia on the so-called problem of the Doukhobors, and also comment as to whether or not the remedy proposed by the hon. member for Comox-Alberni in this house yesterday is the government's way of finding a solution? I am referring to the abandonment of the Kettle Valley railway and the abolition of the lumber industry in the Kootenays.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I met with the premier of British Columbia, the attorney general, the provincial secretary and officials of the British Columbia government in Victoria on Monday, together with the deputy minister of justice and the commissioner of the Royal Canadian Mounted Police. We received a statement of the position of the British Columbia government and a proposal from that government. I returned here yesterday, and it was the agreement arrived at in Victoria that I would report to my colleagues and communicate our decision and reaction to the statement of the British Columbia government position, to the premier of the province. It was agreed that until that is done and there is a chance to discuss the matter further, no public statement will be made as to the details of the negotiations.

As to the solutions suggested by any other persons, whether they be members of this house or not, I of course would not be in a position to comment while the matter is under negotiation. But I can tell the hon. gentleman that the solution to which he referred, at least as it was put forward, does not represent the attitude of the government.

HARBOURS

ST. JOHN'S, NEWFOUNDLAND—REQUEST FOR TABLING OF CORRESPONDENCE ON DEVELOPMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether the Minister of Public Works is in a position to table the correspondence I asked for yesterday.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I find that there is voluminous correspondence which will take some time to have copied. I have no doubt that the hon. member already has copies of the correspondence he requires.

Mr. Pickersgill: A supplementary question, Mr. Speaker. Has the hon. gentleman himself read the correspondence?

Mr. Green: Mr. Speaker, that is a very personal matter.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

328. General administration, $8,536,892.

The Chairman: The Department of Public Works, vote No. 328; this item will be found on page 67 of the blue book, the details on page 457.

Mr. Pickersgill: Mr. Chairman, I must begin by apologizing to the minister for my regrettable and unavoidable absence last Friday; but in my capacity as the member for one of the constituencies in Newfoundland I felt that it was desirable to visit my constituency.

An hon. Member: For a change.

Mr. Pickersgill: While I was there I had an opportunity to investigate the speed with which certain of the public works were being carried on in that province by the hon. gentleman's department. I was rather astonished, I must say, on reading the minister's opening statement in *Hansard* for last Friday, which I have done rather carefully, to find that the minister was taking great credit to himself and to the present government for the acceleration of the works that are being carried on across the country by his department. I would not presume to express any view about acceleration in most parts of the country, but I do know that in the province of Newfoundland, where we have had what I am told is one of the earliest springs on record and where there would have been an opportunity to get ahead with work very early this year, there is a deplorable absence of starts on any of the public works about which I was able to inquire.

I must say I am very pleased that the hon. gentleman has seen fit to make provision for certain works in the town of Bonavista, works that are very badly needed, works that were planned by the preceding administration.

Mr. Bell (Saint John-Albert): And never proceeded with further.

Mr. Pickersgill: I will come to that in a moment if the hon. gentleman can possess his soul in patience. I noticed that the minister also made a good many references to the St. John's harbour development, about which I intend to say a word shortly. The one thing that is conspicuous about the St. John's harbour development is that so far as I can see nothing whatever is happening about it outside of the newspapers, where there is plenty happening.

Now, sir, I think there is no doubt that in one way the minister's statement as found on page 901 of *Hansard* for Friday last is quite correct. When he talked about accelerated construction, I think there is no doubt that is true in this very limited sense. I believe it is common knowledge—I do not think the minister would deny this for a moment—that when the present administration took office last June they thought the boom was going to continue and they hoped that by stopping public works wherever they could, decelerating wherever they could and slowing things down generally, they could make an apparent saving and justify the claims they had made during the 1957 election campaign that they could save half a billion dollars.

I give the minister full credit for realizing, around October or November, that this was a very unwise thing to have done, and about October or November the government very belatedly began to rush ahead with those projects which had been delayed, in some cases for three or four months. The consequence was that they were able to show quite a considerable record of activity in the winter months, activity that should have taken place last summer. In that sense, and in that limited sense only, the minister can claim some credit for accelerated construction.

I think the minister's claim, also found on page 901, that 97 per cent of the allotments for the year 1957-58 had been spent, is a very creditable record indeed. I think it is a remarkable achievement. In my opinion it is a great credit to the efficiency of the department and its officials, and all the greater credit to them because of the pause last summer. But I should like to remind the members of the committee that these estimates, of which 97 per cent was spent, were the estimates of the Liberal government of last year; and what the minister said at page 901 is a great and deserved tribute to the administration of the department by Hon. Robert Winters and to the care taken in treasury board by Hon. Walter Harris in seeing that honest estimates were made. There can be no possible credit to the govern-

ment except—and I give them this gladly—credit for rather belatedly going ahead and carrying out that Liberal program.

It is also well known that at the time the estimates were prepared a year ago last December—I refer to the last estimates prepared by the Liberal government—it was realized that there was still a great deal of private construction going on in this country of a character and volume which gave grounds for concern about its inflationary effects, and that the view taken by Mr. Harris and concurred in by all his colleagues was that only essential public works should be undertaken, notwithstanding the fact that perhaps at times in the past, in years when there was an election, governments had not taken that view.

In the light of that fact and in the light of the fact that in 1957 there was so much private construction in contemplation—most of which, in fact was carried out in 1957, as the figures for the whole year show—it seems to me that the increases in the estimates for 1958-59 are very disappointing indeed, because we were led to expect something different.

Perhaps it does not matter what we in the opposition were led to expect, but the country was led to expect, and millions of people in this country were led to believe, by the speeches particularly of the Prime Minister, that we were going to have something entirely new, something entirely different in the way of a public works program to meet the current recession which the Prime Minister discovered only in January but which was known to the rest of the country as early as November of last year. We were led to believe that we were not going to get a public works program of the character which had been carried on in boom days, in the Liberal days, namely a program of the ordinary essential works. They must be done, of course and there is all the more reason for doing them now than there was a year ago. But we were led to believe that some vast new program which was going to deal effectively with unemployment was going to be presented to this parliament at the earliest possible date.

When the Minister of Public Works very graciously agreed to have his estimates come up for consideration first, I think we hoped that we were going to see the unveiling of what was to be the realization of stage one of the "vision". But what do we get? We get just the same ordinary routine public works, with practically no acceleration at all and with practically no substantial increase in their volume.

I have made an examination of the estimates, and in this matter I perhaps have an advantage that some hon. members on this side of the house may not have, because I served on the treasury board for a number of years and therefore possess a little background information about this matter. On examination of the estimates one can see very clearly that there is in them nothing new at all that was not in the planning stage, and well known to be in the planning stage, over a year ago. Of course the hon. member for St. John's West admitted that quite honestly the other day, and we give him full credit for his candor.

Mr. Browne (St. John's West): That was in another debate which was finished.

Mr. Pickersgill: I am not sure that his colleagues were altogether pleased by it. That fact is apparent not merely as to the works that are in the estimates to be done this year, but I looked very carefully over that list of works the minister mentioned at page 907, at the bottom of the first column and the top of the second column.

Again I am not going to talk about things that I really do not know about. In Newfoundland it has been suggested that a federal building to provide accommodation for the unemployment insurance commission, and for the family allowances branch, is contemplated. Of course the minister knows perfectly well that that building was contemplated over a year ago as another step in the provision for accommodation for federal departments, and it was to be phased to begin about the time the present customs building would be well on the way to completion.

At that time I happen to know that a fisheries building was also in contemplation. Anyone who knows anything about the present accommodation of the Department of Fisheries in St. John's knows that a fisheries building is urgently needed. It is perhaps even more urgently needed than an unemployment insurance building, though they are both badly needed. It would have seemed reasonable to have accelerated some of these plans a good deal more than there is any indication of being done here.

Then I look at the buildings referred to for Ottawa. Not only have all these buildings, to my knowledge, been in the early planning stages; some of them were in rather advanced planning stages. The national library is in an advanced stage of planning. It is true that some of these buildings could have been begun a good deal earlier but for one thing.

I think perhaps I should interject a word at this moment so the minister will be saved the trouble of getting up and making the constant retort from the other side of the house, "Why didn't you do it when you were in office?" I will tell the minister—and

he knows it perfectly well—why we did not do a great many of these things when we were in office. We did not do many of these things when we were in office because we felt that only the most essential building should be done at a time when there was a great private building boom, and that the government should not be competing with other builders in bidding up the cost of building. It was felt that there were a considerable number of these projects that were not of the first urgency, though they were important and urgent, which should be carried on as soon as they were needed in order to maintain the level of construction and the level of employment in construction.

There is no doubt that one of the reasons the minister's department was able to spend 97 per cent of its allotment this past year is that unhappily there has been, as we all know, some decline in private construction, especially latterly, and it was therefore somewhat easier to get on with some of these works than it was at a time when it was hard to find architects, hard to get engineers, and hard to get on with many of these projects about which we all know something.

The minister made a reference in my absence, which I found very touching, to the Wesleyville post office.

Mr. Green: It is started.

Mr. Pickersgill: Yes; I know the Wesleyville post office is started, but unhappily a year later than it would have been started if a certain event had not taken place on June 10 of last year.

Some hon. Members: Oh, oh.

Mr. Green: What ingratitude.

Mr. Pickersgill: I am not ungrateful; indeed, I am extremely grateful to the minister for reluctantly and belatedly going ahead with this project. But during the election campaign my opponent, a very distinguished Newfoundlander, promised that he would have this building built. He did not say he would have it built whether he was elected or not; I will be fair. He said he would have it built. He also said he would have a post office built at Badger's Quay. If the rumours I heard in Newfoundland are correct the minister is going ahead with that project, and I congratulate him upon that fact too.

Mr. Green: You may make me change my mind.

Mr. Pickersgill: During the election campaign when I was in Wesleyville I happened to come across the plans and blueprints for the building at Wesleyville, and they were dated May, 1957. They were all ready for the calling of tenders at that time, but the whole matter was delayed until the autumn and then all through the winter. It was an open winter and the building could have been built, and we could have been getting ahead with the Badger's Quay building this year if the plans had not been delayed. However, as the minister has said, I must not be ungrateful and I am very grateful that he is going ahead with it now. I will be even more grateful for the building at Badger's Quay.

Before his estimates have passed through committee I intend to give the minister the names of four or five other places in my riding where postal revenues are roughly equivalent to those at Wesleyville, Badger's Quay and Glovertown—where the previous government built a very good building—so the minister will have something to add to his shelf.

I would now like to say something about St. John's harbour, to which the minister also referred in his speech on a couple of occasions. I would first like to point out a contradiction which perhaps the minister himself did not realize. At page 902 of *Hansard* for June 6, in the second column, the minister said the following:

> The Liberal government had had a report on a harbour project for St. John's and did nothing about it. Now we have $1 million in the estimates this year.

Then at page 904 the minister said:

> The total amount of the St. John's, Newfoundland harbour development, $12 million, is not in the estimates. I pointed out that $1 million was in the estimates. The point I am making is simply that in most cases, if not in every case, these works would not have been proceeded with this year under ordinary circumstances, but in order to make work the government is going ahead with them.

The minister says in one place that the Liberals did nothing about it and implies that we ought to have done something about it, and in the next place, within the same half hour, the minister says he would not have gone ahead with it either if there were ordinary circumstances, and the only reason he is going ahead is to provide employment under the unusual circumstances which have developed since October last. Even the Minister of Public Works cannot have it both ways.

The fact of the matter is, of course, that this St. John's harbour development—and I give the minister full credit for his part in this development—was undertaken by Mr. Winters on his own personal initiative and I well remember going across the harbour in a boat with him when he pointed out the foreshore and indicated the kind of ideas he thought ought to be developed there. This is very well known in St. John's. At every stage this development has been

proceeded with just as rapidly as it reasonably could be proceeded with—by both governments.

I do not, in what I say with respect to this matter, wish to inject any note of controversy which is not already there. However there is, as the minister knows, a dispute in St. John's as to whether this is the best way to develop the harbour, and I want to say in the most non-controversial way I can something about that dispute. First, I must say there is a great deal of disappointment in St. John's—and this was reflected in an editorial the other day in the *Sunday Herald* —over the fact that there is no work being done on the harbour, and no evidence that work will start on the harbour at an early date.

I was rash enough to say during the election campaign that, in my opinion, there would be no substantial employment, except for lawyers and those concerned with the acquisition of property, on the harbour development during 1958. I will be very happy if I turn out to be wrong, but I do not think I will. At the rate the government is now proceeding that will be the situation.

But to return to the controversy about the harbour development, I do not pose as an expert. Everybody who remembers those terrible years between 1940 and 1945 knows how important St. John's harbour was to the whole cause of freedom during that period and how important it is that St. John's harbour should be developed as a defence measure, if for no other reason, in such a fashion that it will be of the maximum advantage, not merely to Newfoundland and to St. John's but to the whole country, in the event of another wartime emergency.

Of course St. John's is a very small harbour, even in peacetime, but we hope the steady increase in the population of Newfoundland and in the development of resources will mean that the harbour of St. John's will become increasingly busy. It is terribly important, therefore, to make quite sure that whatever development does take place will provide the maximum amount of space for berthing and for manoeuvring in the harbour. Although I am a ship owner I do not, as I say, pose as an expert in these matters; but as the owner of a vessel I am naturally somewhat concerned that there should be adequate space for the berthing of all the vessels which want to use St. John's harbour at one time.

Mr. McGrath: Would the hon. member permit a question?

Mr. Pickersgill: Certainly.

[Mr. Pickersgill.]

Mr. McGrath: The hon. member has just finished lauding the previous administration, of which he was an active member, on the Foundation Company plans for the development of St. John's harbour. Subsequently he told the house something of the controversy which has been going on—

Some hon. Members: Question.

Mr. McGrath: Perhaps the hon. member would care to inform the house what stand he takes in this controversy?

Mr. Pickersgill: I thank the hon. member for St. John's East for bringing me to the point to which I was coming anyway, and I am very happy to answer him. As I was about to say when the hon. member rose, I have no personal opinion as to whether the Foundation Company's plan is a good one or whether the alternative suggested by various distinguished citizens of St. John's is a better one. The only thing I would like to see, and I am sure the minister and the hon. member for St. John's East and the hon. member for St. John's West would agree with me in this, is that this matter should be resolved in a manner which will be of the maximum permanent benefit as well as the maximum immediate benefit to the people of St. John's, the people of Newfoundland and the people of Canada.

With respect to nine-tenths of the plan there is no controversy whatsoever. With respect to the development of the south side of the harbour, in so far as I have been able to read the documents—and I do not know whether I have read them all, because the minister has not yet been able to table them, but I have conscientiously tried to read such as have come into my possession—there is no controversy whatsoever, and there is no reason for any delay there at all. The only controversy is with respect to the waterfront between Water street and the harbour on the north side, and that is as to whether there should be a breastwork for the whole length or, I believe the figure is, only for 650 feet. On that point I must say my feeling is that if it can be done it should be done for the whole length, and I think almost anyone who has ever had anything to do with the berthing of vessels would feel the same way.

It is hard not to believe it would be a great deal better to have the whole length of the harbour along Water street developed for berthing instead of having a 2-3 grade, which would make it impossible to bring vessels alongside a good deal of the waterfront.

The main controversy, as the minister knows, and as all hon. members from Newfoundland know very well, is about the

proposed pier for the west end of the harbour as compared with the alternative suggestion that the government should acquire certain piers which now exist at the east end of the harbour, bring them up to date and use them there. As I say, I do not propose to spend any time expressing my opinion on that question because I do not think my opinion would impress anyone. I do not think it would be of any value. I am not an expert, and I do not pretend to be an expert.

But because I think the matter is extremely important to the future of Newfoundland, in fact to the whole of Canada, what I do say to the minister most earnestly is this. Surely the minister could go ahead with the parts of the plan about which there is no controversy and have, as quickly as possible, a really expert investigation in which the proper people from the government would be called; in which Mr. Eric Bowring, who I understand acted as agent for the minister of war transport of the United Kingdom during the war and who had the responsibility of operating the harbour, would be called; in which any other person having any pretentions to real knowledge would be called; in which any citizen who wished to make representations would be called. It does seem to me, sir, that there are a lot of people in St. John's who are worried about this question. They are afraid that if the government do not proceed with the Foundation Company plan they will not do anything. I do not think so ill of the minister. I think much better of him than that.

What I am trying to suggest, sir, is that there is no need to delay going ahead with some parts of the plan while carrying on at the same time a careful investigation into these two controversial points. It does seem to me that all of us, on both sides of the house, would feel better satisfied if that could be done. I do not think there is anything more I can usefully say. I have attempted in what I have said to be entirely non-partisan because, as the hon. member for St. John's East rightly pointed out, it was the previous government that engaged the Foundation Company to make this plan. I am not competent to criticize, and I am sure the hon. gentleman does not think he is competent to criticize, either. However, some people with reputations, who feel they are competent to criticize, have criticized the plan. It does seem to me that it would be better for all concerned to clear this up.

If I may say something that perhaps reflects a little bit on the previous government, we have a situation in Port aux Basques that all of us on this side of the house rather deplore. I do not think those things that have been done at Port aux Basques would have been done by even the present Minister of Transport if he had occupied that position then. What I am appealing to the Minister of Public Works to do is to make sure he does not do some things which will turn out to be as regrettable as some things done at Port aux Basques. Again, I am not trying to cast reflections on anyone. I am trying to indicate what I think should be done about this problem that is of grave concern to people of substance, people of responsibility, in St. John's

I must say, sir, that I was pleased to hear that the minister is going to have what he called a proper shelf. He said something about that at page 907 of *Hansard*. Later on in the consideration of his estimates, when he begins dealing with the province of Newfoundland, I shall have a lot of suggestions to make to him as to some things that could be put on that shelf. I hope they will be kept right at the front of the shelf, and not pushed to the back.

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

Mr. Green: During the discussion a week ago there were several very interesting and important questions raised by different members who participated in the debate. I have been going over them carefully in the intervening period, and I think they can best be dealt with as we come to the individual items.

In so far as the remarks just made by the hon. member for Bonavista-Twillingate are concerned, some of these also come in this category. They could only be properly dealt with on the particular items. But he did make one statement which I should like to correct at once. He intimated that last summer the new government, on taking office, had stopped public works as a deliberate policy.

I can assure him and other members of the committee that is not the case at all. He is completely wrong in these suspicions. Our attempt to provide employment is genuine. We have not only accelerated work projects but brought in new projects. The Wesleyville post office is a very important example. There may have been plans in the department under the former government, but I assure the hon. member that there was not the slightest intention of undertaking that construction. No funds had been provided for it in the fiscal year 1957-58.

Mr. Pickersgill: Perhaps the minister will permit me, since he has called my veracity into question, to state that I happen to know there were such plans. I say, on my responsibility as a member of the former administration, that I was assured by the previous

minister that it was proposed to go ahead last summer with this building.

Mr. Green: I have great respect for the former minister. Hon. Mr. Winters was one of my best friends in the house for many years, and an excellent minister. But I happen to have had the responsibility for the work of the department for nearly a year now, and I say on my responsibility as minister of the department that funds were not provided for this post office in the fiscal year 1957-58. In order to provide work I put it ahead, just as I did with other projects that could be put ahead. As a direct consequence of that action the Wesleyville post office is now being built.

The hon. member is also quite wrong in trying to prove that the government has not a works plan by criticizing what the Department of Public Works is doing. This department is only one of the departments engaged in providing works projects. Other departments which probably provide more money are transport, defence production and the Department of Northern Affairs and National Resources. Central Mortgage and Housing Corporation, which does not come under the Department of Public Works although it reports to me as minister, has provided now over $270 million for the construction of homes. The hon. member, if he is going to criticize the work plans of the government, must attack us on a much broader basis, because the public works department only has part of this program.

Mr. Pickersgill: On that point, if I may interrupt the minister, I criticized the whole of the works program. I am very familiar with what the minister is saying about more than one department being involved. If one examines the whole works program of the government it becomes apparent there is no substantial change from a year ago. The amount is slightly larger, but considering the magnitude of the unemployment in this country it is totally inadequate.

Mr. Green: The hon. member is entitled to that opinion, and it is one which I should have expected him to express; but I think the people of Canada are a little more fair minded than he on this question, and they will agree with me when I say that all the works projects initiated by the government in the last ten months have resulted in a great many Canadians having employment who otherwise would not have had that employment.

Mr. Pearson: May I ask a question of the minister arising out of what he has just said, Mr. Chairman. Am I right in concluding that he has stated as a matter of fact that there were no projects and no proposals for public works that had been agreed to by the previous government and for which appropriations had been made that were either cancelled or suspended by the present government when it came into office?

Mr. Green: There may have been some small items having to do with protection works in the St. Lawrence area. This was done in order for us to take a look at this whole policy, because in our opinion at least some of these projects were being constructed on a political and partisan basis; for instance, putting a wall in front of the property of a Liberal farmer and not in front of the property of any one else. But I know of no other works which were cancelled or suspended.

Mr. Pearson: There were a lot.

Mr. Pickersgill: What about the post office building here in Ottawa?

Mr. Green: There was the question of the building in London of which the Leader of the Opposition is probably well aware. That work has not been proceeded with.

Mr. Martin (Essex East): What building is that?

Mr. Pickersgill: What about the post office building right here in Ottawa?

Mr. Bourget: May I remind the hon. minister of the post office building in Ottawa?

Mr. Green: Would the hon. gentleman wait until I have completed my remarks?

Mr. Pearson: He will tell him about the building later.

Mr. Green: Also I think it should be pointed out that the increase in the estimates, including those of the Department of Public Works and the increased work for other departments, amounts to approximately $47 million which in terms of one-man days is roughly the equivalent of on-site labour of 800,000 and off-site labour of 1,500,000.

Mr. Pickersgill: Days?

Mr. Green: In other words a total of 2,300,000 man days. With regard to new projects, the hon. member said he could not see any new projects anywhere in Newfoundland. I can only conclude that he must have spent all his time chatting with Premier Smallwood, and did not try very hard to find projects.

Mr. Pickersgill: I think the hon. gentleman should not misrepresent what I said. I said I could not find in the list of new projects he gave any that were not already in the

early planning stages when we were in office; and I would be extremely interested to hear of any project which this government initiated from the very start.

Mr. Green: You might have had schemes in the early planning stage, but that is a long, long way from having any men put to work on them.

Mr. Pickersgill: That is certainly changing the ground.

Mr. Green: There have been 31 new projects in Newfoundland this year. Twenty-five have already started and the remainder will be started very shortly.

The question of St. John's harbour has given me great concern, because I received representations from Sir Leonard Outerbridge, the former lieutenant governor of Newfoundland and a man of very high reputation, and from Sir Brian Dunfield. These two prominent Newfoundland people have opposed this scheme not only on small grounds—the new pier may have been one feature to which they objected—but they took very strong exception to other features of the plan. Sir Leonard at least wanted a completely new survey and an entirely new plan. Because of my respect for this gentleman, and wishing to do a thorough job in connection with this famous harbour, I sent the plan back to my officials time after time. We would probably have been at work on it now had that not been done. Not only my own officials but those of the Department of Transport and the navy and in deed everyone interested in this harbour has supported the recommendations made by the engineering firm, the Foundation Company of Canada Limited.

Like the hon. member for Bonavista-Twillingate, I am not an expert on this matter. I do not even own a rowboat, so I am not an expert on shipping. I do not quite understand how this ex-Manitoban from Ottawa suddenly gets to be a shipping magnate down in Newfoundland.

Mr. Pickersgill: I suggest that the minister come down there sometime and see.

Mr. Green: I am glad he is learning to like the smell of salt water, anyway. Faced with that situation and with urgent demands from the mayor of St. John's, the board of trade, the general public and the newspapers—and certainly with no objection from the Newfoundland government, which is evidently trying to be neutral in this question—

Mr. Pickersgill: So am I.

Mr. Green: We finally decided a start had to be made. The engineers have been engaged to draw up plans, and we are hoping tenders will be called later in the present year. We will do our very best to see that this job is well done. I am sorry it has not been possible for the people of St. John's to reach agreement as to the type of development they wish. From my information an overwhelming majority of them favour the plan which was submitted to the former government by the Foundation Company of Canada Limited. This is just one of those situations in which we had to do the best we could.

Mr. Pickersgill: Would the minister permit a question at this point? I read again only yesterday the correspondence that appeared in the *Daily News*, of which many hon. members have received copies; and as far as I could discern from reading it—and I could easily be wrong about this—there were only two points of difference. Nobody questions the desirability of the whole development of the south side as proposed in the plan. Nobody questions the desirability of having a roadway across the north side of the harbour to remove the congestion from Water street.

The Chairman: Order. I feel I must draw the attention of the committee to the fact that as I understand it the purpose of this debate on the first item of the department is to discuss the activities of this department in general terms, and that the debate on particular matters should come later when individual items are discussed. For the last half hour or so this discussion has been concentrated mostly on the subject of the St. John's harbour. I consequently believe that the debate should get back to more general terms.

Mr. Green: I believe the suggestion made by the chairman is a very wise one. There is an item in the estimates for this, and when we reach it I will be glad to deal with the hon. member's questions.

Mr. Pickersgill: I am quite willing to comply with the minister's suggestion. It would have taken me less time to make the only point I had to make, sir, than it took the Chairman.

Mr. Fisher: I do not like to rise twice in the general discussion, but my inability to express myself properly this morning led the minister to misunderstand my question in relation to Central Mortgage and Housing Corporation. I was using the word "moratorium" in the general sense that it is used in war payments and that sort of thing. In reply he suggested that it was impossible for the federal government to do anything about stopping or postponing foreclosures on mortgage loans which were held by Central Mortgage and Housing Corporation. He suggested this was a matter for the provinces.

I think at this time it might be worth while having a statement of the government's position in that regard, perhaps it would be possible for the minister to make a more specific statement than the one he so kindly made several months ago, that Central Mortgage and Housing Corporation was not going to push foreclosures in view of the information that was given in the committee of the other place. I shall read his words:

> The corporation did not hear of all cases where borrowers got into difficulties.

If the government, through the minister, came out with a forthright statement in this regard many of those borrowers whom Central Mortgage and Housing Corporation do not hear of would be aware that some action was being taken, and they would not have to be in the position of being foreclosed.

Another point on which I wanted to touch, because it has been brought to my attention, is this. In the interval since these estimates were last before the house several unions have intimated to me that there is no liaison between the Department of Public Works and the Department of Labour with regard to tenders and the operation of the Fair Wages and Hours of Labour Act. As I understand it, on any of the projects which are let by tender by this department the contractor must conform to the Fair Wages and Hours of Labour Act. There is a section of the Department of Labour which keeps a record of the going rates of wages of labour in a specific area.

One of the problems that come up is that the Department of Public Works does not check closely into those who bid on and may be awarded tenders, as to whether they have contracts with certain unions; and at times there is quite a conflict between the unions and the fair wage section of the Department of Labour as to just what are the prevailing rates in certain areas. The fair wage act says that prevailing rates must be paid on government contracts. This problem is also evident in Ontario as far as provincial projects are concerned, and officials of two different unions have told me that they find their relationship in the matter usually more satisfactory with the province than with the federal government.

It is almost impossible to get the federal government, the Department of Labour and the Department of Public Works, to take any action to see that when a contractor, usually a wildcat type, comes in to bid on a job in an area where he has not his base, he puts in a bid at a rate below the actual contract. Quite often he is able to get away with it because the section of the Department of Labour which keeps the record of the wage agreements, or the going prevailing rate in those areas, is behind in its work.

We had a case not two months ago in our particular area where the prevailing rates, according to the fair wage section, were $1.40 an hour for timbermen and $1.80 for carpenters, whereas the actual rate in the area as far as the unions were concerned with the bona fide contractors who were signed up by them—and I might say the coverage is almost 100 per cent—was from 40 cents to 65 cents above that. To this particular case a contractor from outside came in and put in non-union labour at this lower rate. When the union protested in order to protect this prevailing rate—you cannot blame the union for that—they were able to get no action at all from the Department of Public Works or the Department of Labour. There was a passing of the buck.

The unions are under pressure from the contractors in this regard. If a contractor signs up with a union at a set of rates which are going to prevail in a certain area he knows that when he bids on a contract he has to take those wage rates into consideration, and so his tender is submitted on that basis; whereas another contractor, who usually is from outside the district and who does not have that rate to take care of, can come in and submit his tender on the basis of lower rates and by doing so can undermine the whole structure. In effect a union contractor, whom we shall call the good contractor, has no sure way of getting some of the public works tenders.

The minister and his officials should consider working out a much closer liaison with the Department of Labour, and make it more clearly understood to everyone who gets a contract that if the wages paid are below the prevailing rate instantaneous action must be taken to raise the rates, and that the contract will be adjusted accordingly. If that were done we would get away from this difficulty. If the minister would like correspondence in this regard and an explanation of why the relationship with the province of Ontario has been much more satisfactory than with the federal government I will be only too pleased to give it to him.

The minister has brought up again today the point that I asked him to make a statement on, namely the question of patronage. I think before he gets to the specific items of his estimates he should make a statement on patronage. Perhaps his previous explanation of his determination to wipe it out did please quite a number and gave a great deal

of pleasure to the public. I read this from the *Temperance Advocate* in relation to the minister:

> Our federal Minister of Public Works "cuts no corners on the high principles he established for himself in early life".
>
> There are no curryings of favour or salesbaiting offerings permitted in his office. Such gifts, we understand, are all returned.
>
> We commend the minister for his courage and the definiteness of his witness. The Hon. Howard C. Green is a teetotaler.

Let us have a statement from the minister on this patronage question and what steps he has taken to stamp it out.

The other point that I should like to bring to the minister's attention is this, and this may be a question of patronage or of inefficiency. When we get to the place in his estimates that deals with the central heating plant here and the boilers I expect, Mr. Chairman, that we will get a very clear explanation as to why the central heating plant is flooded with boilers at the present time, some of which are not being used, and at the same time we have some figures in the estimates for more boilers.

Mr. Robichaud: Mr. Chairman, it was not my intention to take part in this debate on the first item of the estimates of the Department of Public Works. However, after listening to the long, elaborate and glorified statement made by the minister in introducing the estimates of his department on Friday last I felt it was an invitation that could not be turned down.

Before expressing my disagreement with some of the statements made by the minister I should like to express my appreciation for the co-operation received not only from the Minister of Public Works but from the officers of his department, and this applies to the deputy minister, to the officers and engineers in the field. On different occasions I have had the opportunity to follow the work of some of these engineers, and I can assure the committee that they spare no time and effort to solve the difficult problems placed before them.

I regret that I cannot agree with the minister's statements and the emphasis placed on the supposed accelerated program of construction by his department. In listening to the minister on Friday last one might have been inclined to believe that this was the first year that new projects were initiated by the federal Department of Public Works. The Canadian people still recall the Prime Minister's description of those prospective public works projects as a great national development which, to use his own words, "would swing into action immediately and would be part of his party's national development policy." In fact, he called it a very extensive and challenging program. It was to be a program which, in the Prime Minister's own words, "was to ensure the development of our country and to provide as well help to Canadians, work to Canadians and an opportunity for the better things of life." These projects were to total $280 million during the first quarter of 1958 and $1,185 million for the full calendar year.

When we listened the day before yesterday to the report on unemployment given the house by the Acting Minister of Labour, and learned that as of May 31 there were over 500,000 Canadians seeking unemployment insurance benefits, we on this side of the house felt that the public works program was not too effective. At this point I want to mention that we of the official opposition are not rejoicing about the large number of unemployed we have in the country today, because after all if there are 500,000 Canadians applying for unemployment insurance benefits there must be another quarter of a million who are out of work and whose benefits have expired.

When one listened to the minister's roll call of public works projects, followed by the diversified version supplied by the hon. member for Halifax, one might have been led to believe that never before in the history of this parliament had a series of new public works projects been undertaken by the government department responsible for such works. It has been made clear by the hon. member for Levis that the Prime Minister's great vision of a public works program offers very little in new projects of major importance, and it can be termed as nothing but the continuation of a routine departmental construction program, including many Liberal projects already under way such as the St. Lawrence seaway, the northern Ontario pipe line and others.

At this point I should like to place on record the total public works expenditures for the fiscal years 1953-54 to date. In 1953-54 the federal Department of Public Works spent $144,581,000. In 1954-55 the same department spent $157,287,000, an increase of $13 million over the previous year. In 1955-56 the amount spent was $167,865,000, an increase of $10 million over the previous year. In 1956-57 the amount spent was $173,592,000, an increase of $6 million over the previous year, and in 1957-58 the amount spent was $191,426,000, an increase of $18 million over the year before. The estimates for the present fiscal year, including the supplementary estimates tabled in the house, amount to $233 million.

These figures, with the exception of the last one, have been taken from the summary of standard expenditures attached to the main estimates for each fiscal year. The last

amount, as stated by the minister on Friday last, shows an increase of $41.6 million over the fiscal year ended March 31, 1958. The increase, however, is only $23 million greater than the increase for the previous year, and we are asking ourselves if this is really the very extensive and challenging program outlined by the Prime Minister during the last election campaign.

The minister has mentioned 236 projects controlled by public works for other departments of the government, of which 168 are new items. This is certainly not the first year that the Department of Public Works has been asked to undertake construction projects not shown in his regular estimates but included in the estimates for other departments. The minister and members of the house know that this practice has been going on for years and years. I have here the report of the Department of Public Works for the fiscal year ended March 31, 1957.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Robichaud: Before the committee took recess at one o'clock I was referring to the 236 projects mentioned by the minister which were controlled by the Department of Public Works for other departments of the government. As I have stated, the minister knows, as do the other members of this house, that this practice has been going on for years. I have here the annual report of the Department of Public Works for the fiscal year ended March 31, 1957. I think that it would be a good thing to have a few paragraphs of this report on the record. This report starts as follows:

> A considerable increase in activity for the Department of Public Works was seen in the fiscal year 1957.

I may add that during that fiscal year the Liberal government was in power.

> Construction and maintenance work was continued on harbour facilities and protection works, dredging of navigable channels was carried out in harbours and rivers where required and testing laboratories were operated.

Further on it refers to the harbours and rivers engineering branch and states as follows:

> Construction and repairs were made to 302 wharves, breakwaters, other harbour facilities and protection works, of which 232 were completed during the year and 70 still in progress as of March 31, 1957. In addition to this, 1,339 smaller projects were undertaken.

This last quotation might be of interest to the hon. member for Halifax. All of this was done in a period of inflation when material was in short supply and when in many cases labour was not always readily available.

I should like now to speak more specifically of public works projects for the province of New Brunswick. We are aware that in New Brunswick there is today a great deal of unemployment. What major projects have been initiated within the last few months for New Brunswick? In 1954-55 over $1,350,000 was spent in New Brunswick for public buildings and over $1 million was spent in 1955-56. What has been done this year by the government to relieve this serious unemployment situation by public works projects? We see in the main estimates $1,625,000 plus $380,000 in the supplementary estimates tabled a week or so ago. It is true this makes a total of $2 million. However $1 million is for the customs building in Saint John, New Brunswick for which tenders were called before the June 10, 1957 election; $150,000 is to complete the Bathurst building and $100,000 is for the Newcastle building, both projects for which tenders were called before the June 10 election. In fact, they are all projects for which tenders were called by the previous administration, with the exception of $275,000 for Campbellton and Grand Falls buildings. The only items for New Brunswick in the supplementary estimates are $380,000 for Newcastle and Saint John, two projects which were started by the previous Liberal administration. Mr. Chairman, that is certainly not an accelerated program of public works for New Brunswick. In other words, if these projects had not been initiated by the Liberal government there would have been no items for New Brunswick in the supplementary estimates just mentioned.

How does the Minister of Public Works expect to relieve unemployment in New Brunswick by this piecemeal program where the people of my province are getting less than their share of public works? The minister may bring to the attention of the committee the sum of $4 million which is provided for in the harbours and rivers engineering services. Here again we see nothing but a continuation of projects initiated by the previous administration, with the exception of a few minor ones. The two main items such as $900,000 for dredging in Courtenay bay and $600,000 for breakwater replacements at North Head are all projects initiated last year by the previous administration and would have been completed this year irrespective of what party was in power.

The minister in his remarks mentioned the Campbellton-Cross Point bridge. Here I want to give the government credit for having succeeded in convincing the government of the

province of New Brunswick and the government of the province of Quebec to accept the responsibility of sharing in this new venture. Also in the course of his remarks the minister asked me whether I was against the bridge. I want to make it clear that I am not against the construction of this bridge; I am greatly in favour of the bridge. I am sorry the Minister of Transport is not in his seat at the moment. I have here in my hand the *Telegraph-Journal* for Monday, May 26, which under the heading "Hon. George Hees officiates for Day's Ceremony" contains an article which reads in part as follows:

Campbellton—A start was made on the Campbellton-Cross Point bridge here Saturday when the Hon. George Hees, Minister of Transport, officiated over the dumping of the first load of stone on the causeway.

I wish the minister were here because I am informed—and I should like to check on this information—that the minister was about 1,000 miles away from Campbellton when this project was started and this ceremony took place.

Speaking about bridges, may I say that there is now under construction in Gloucester county a bridge to link Shippigan island to the mainland. This bridge is being built by a private company and when it is completed it will be a toll bridge. It is most unfortunate that the government of the province of New Brunswick has not consulted with the federal government with a view to making this bridge a joint federal-provincial project. After all, this bridge crosses navigable waters in an extremely busy channel which is being used at least two to four times a week by 60 to 70 draggers and a fleet of smaller fishing boats. This is a project which should have been undertaken with the joint co-operation of the federal and provincial governments because it is not right to ask the 5,000 or 6,000 people of Shippigan island to have to pay a fare every time they wish to cross to the mainland.

I would like to refer to projects which are of special interest to my constituency of Gloucester. I realize the Minister of Public Works has stated on many occasions that his government is determined, by means of this so-called accelerated program to help solve the unemployment situation. In my constituency the minister has a golden opportunity to put this policy into practice. We have for example, at Maisonnette, a small village of about 150 families, 35 fishing boats employing about 70 fishermen, but owing to lack of wharfage facilities and shelter these fishermen are limited to about two months of fishing operations per year. This is an opportunity where not only could employment be provided by the construction of additional wharfage facilities but employment could also be provided for these 70 fishermen if a fish plant could be erected there. With proper wharfage facilities there would be no unemployment problem at Maisonnette.

The same problem exists at Lower Caraquet where the old wharf was built 30 or 40 years ago and is now outmoded and practically useless. I would ask the minister to have a complete survey made at Lower Caraquet with respect to the possibility of a new location for a new wharf which could be used to advantage by the fishermen. We also have at Tracadie a situation which should be corrected without delay. The breakwater there also was constructed, at least 25 to 30 years ago and is now practically in ruins. The northern section of it is blocking the channel and this is a danger to navigation. I would urge the minister to give immediate attention to the removal of this breakwater which, as I have said, is interfering with navigation.

In conclusion, I would like the minister to state the position of his department with regard to the improvement of Bathurst harbour. During the last campaign my opponent had prominent advertisements in local newspapers to the effect that he had succeeded in obtaining $3½ million for harbour improvements at Bathurst, but there is nothing about this in the estimates and I would like the minister to clarify the situation. The port of Bathurst is in great need of wharfage facilities. In fact there is no public wharf at Bathurst which can be used to advantage and in this period when we still have, at this late date in the middle of June, about 3,500 to 4,000 unemployed in Gloucester county it would be a good time to negotiate with respect to projects of this kind.

(Translation):

Mr. Gour: Mr. Chairman, I am glad to take part in this debate on the estimates of the Minister of Public Works (Mr. Green). I think the hon. minister is a first rate politician for, when he introduced his estimates, his speech was more a political one than anything else.

After the promises of the Prime Minister (Mr. Diefenbaker) and of all Conservative candidates in the June 1957 campaign, repeated with even greater emphasis in the 1958 campaign, and considering that there were more unemployed in Canada than at any time, except under the Conservative administration of 1930-35, I thought and hoped that the Conservatives would fulfil at least one of their election promises. Unfortunately, such has not been the case.

I have taken a fairly close look at the expenses incurred during the Liberal admin-

istration, and find that this department's estimates are only 30 million dollars higher than in the preceding year, and also that most of the projects involved had been prepared by the Liberal government.

However I congratulate the Ministers of Public Works, of National Defence (Mr. Pearkes) and of Veterans' Affairs (Mr. Brooks) for awarding a contract for the construction of a hospital on the Smyth road and for actually starting the work on this site. It had been planned by the Liberal government. This hospital is necessary for the proper care of veterans, military personnel and members of the Royal Canadian Mounted Police.

Hon. members and all Canadians will admit, I am sure, that we are proud of the fact that no other country has a better organized and more respected police force than the R.C.M.P. In fact, during a trip I had the pleasure of making six years ago through fourteen European and Asiatic countries, I heard nothing but praise for our soldiers, sailors and airmen. I am happy to feel that no other country takes better care than we do of our veterans, men who devoted themselves selflessly to the defence of Canada and of all people who wish to remain free.

In my opinion, public works expenditures will have to be increased every year. Because of the increased population and growing prosperity up to June, 1957, new buildings of all kinds will be needed to keep pace with the expansion of our country. The only time when it is proper to reduce the expenditures of the Department of Public Works is in times of prosperity when labour and materials are so scarce that they are better left to private enterprise. However, now that more than 10 per cent of the labour force is unemployed, and that there is a better supply of materials, we had better double the estimates of that department, and provide jobs paying from $50 to $80 a week so that jobless people may enjoy a decent living with their family, rather than pay unemployment insurance benefits amounting to $20 or $25 a week to some of them for doing nothing while thousands of others have exhausted their benefits. The Unemployment Insurance Act, as it is, was passed and put in force under the Liberal administration to assist unemployed people in the winter months. Unfortunately, in Canada there will always be a few thousand unemployed workers during the cold season. I appreciate that but it is ridiculous to find about 400,000 of them in June.

[Mr. Gour.]

One project which in my opinion would provide work for the unemployed of the Ottawa area, which includes the constituencies of Russell, Ottawa East, Ottawa West, Carleton, Hull, Gatineau and Labelle, would be to build headquarters for the armed services in the area of the Rockcliffe airport. I am sorry that the Minister of National Defence is not in his seat because I meant to ask him to try to prevail upon his personnel, as well as upon the Prime Minister and his colleagues in the cabinet, to have this project undertaken at Rockcliffe, where everything is ready, rather than in the vicinity of the Pinecrest cemetery, on the Base Line road, or else at Bell's Corners, as was suggested by some interested people,—which is too far away for water and electric services and where, moreover, no site is owned by the government. This latter site would cost much more and would be very inconvenient for employees.

Mr. Chairman, I regret that such works were not started last year. If the Liberal government had been reelected on June 10, 1957, the projects I have mentioned, as well as the building for the general staff of our armed forces, the construction of a post office and many other public works on Riverside drive would have started last summer. It would have provided jobs for thousands of unemployed of the Ottawa area who are now receiving unemployment insurance benefits.

As I have just said, Mr. Chairman, if the Liberal government had been reelected, all these projects would have been carried out, including the construction of a post office at Eastview which is essential and had, moreover, been decided by the Liberal government. The pentagon would have been built on a lot located partly in the town of Eastview and partly in the city of Ottawa and owned by the Department of National Defence.

If this government does not decide to build immediately on its own site, this land, in my opinion, should be subdivided and each lot sold for about $500 preferably to our veterans, to members of our armed forces and then to civilians. Not more than one lot should be sold to any buyer. The buyer should also be required to complete his construction work within six months. Moreover, I think that all necessary building materials I just mentioned should be manufactured in Canada on a 100 per cent basis. This would give work not only to construction workers, but also to those who manufacture the required material.

As I say, I am in favour of the Department of Public Works doubling its budget, so as to have all essential and useful projects built. The government should launch this program at once instead of indulging in political speeches on the radio or television networks, or here in this house. The construction of these buildings would certainly be a fillip to business in this country, and would give jobs to thousands of unemployed in the building industry as in the plants manufacturing the needed material. It would also help alleviate the plight of the poor unemployed, for at least fifty of them come to me each week to tell me about their difficulties and ask for my help.

Many people have told me they are sorry they voted Conservative. It is therefore in the best interest of those poor people that I am speaking, and even in the best interest of the Conservative party, for, if things thus go on from bad to worse, the people will ask you to resign before your term has expired.

Therefore, I call upon the Minister of Public Works to press other members of the cabinet to get permission to make such expenditures and, at the same time, to ask them to delegate groups of individuals and government representatives who would be entrusted with the mission of encouraging industrialists, both from the commonwealth and from elsewhere, to come and establish themselves in Canada, while urging our own Canadian industrialists to enlarge their plants and open others in order to manufacture those articles which we have to import from abroad. That would be much more advantageous to our Canadians than sending delegations to press foreign manufacturers to come here and sell us their goods, thus increasing by the thousands the number of unemployed.

(Text):

Mr. Carter: Mr. Chairman, in entering this debate for the first time on the estimates of the first time on the estimates of public works, I should like to join with the hon. member for Levis in the felicitations extended to the minister on being selected to assume this portfolio. Speaking personally, I hope that the rumours to which the hon. member for Levis referred are not founded on fact, because I am sure everyone on this side of the house would be quite happy to have the minister continue in his portfolio, at least for the life of this parliament.

On looking over the estimates, and particularly the supplementary estimates, I find that the riding which I have the honour to represent has not fared too badly at the hands of the minister. I want to thank him for the consideration which he has given to the requests I have made of his department. On page 901 of *Hansard*, the minister mentioned the public buildings of Burin and Harbour Buffet as examples of the projects which had been advanced in order to help out the unemployment situation. If the minister will refer to his records, I am sure he will see that these two projects were provided for in the estimates for the year which ended last March and at least one of them, if not both, had already been advertised and tenders called for prior to June 10.

On page 907 of *Hansard* the minister said that his department was in the course of building up a shelf of public works. The minister will be happy to note that I am in the course of preparing a long list of items which I am sure will be of great assistance to him when he comes to building up that program. I hope to be able to present that list to him within the next few days.

Before the minister goes too far with the shelf of works, it would be wise for him to consider some addition to his staff because, from my personal observations, I believe there are no public servants in any department who are overworked to the extent they are in his department, particularly in the engineering and architectural branches. I should like to pay my personal tribute to these officials for the sympathetic consideration and the kind co-operation which they have always given to the problems I have brought before them. If the minister did not find any shelf of works when he assumed his portfolio perhaps one major reason for it is that his servants are already too greatly overworked to be able to do much more than carry out the current projects for every year. We know that if a shelf of works is to be maintained it requires much paper work and preparation of blue prints. As much as we would like to have a shelf of works I am sure we do not want it at the expense of the lives or at the risk of impairing the health of the servants of the Department of Public Works. I hope the minister will make a careful study of the work loads which some of his senior officials are now carrying.

As far as the estimates before us are concerned they seem to follow the same pattern as in previous years. The total estimates for this year are only about $42 million more

than those of the previous year. I am sure the people of Canada will be somewhat dismayed to find there is not more evidence in these estimates of the great works program to which the Prime Minister referred in his broadcast from Winnipeg on February 12 in which he said that his government had already launched a program which was going to total $11,085 million and that $270 million of that amount would be spent in the first three months of this year. While we admit that this expenditure would be spread over several departments I believe it is reasonable to assume that a great deal more than approximately $40 million of that $11,085 million should be accounted for in the estimates of the Department of Public Works. But if there is no evidence of this huge public works program at the present time perhaps that is just as well because President Eisenhower in a recent broadcast referred to such programs in terms of their being a solution for the unemployment problem as something which would result in a minimum of jobs and a maximum of budgetary headaches later on.

I should like to draw to the minister's attention the special needs we have in Newfoundland particularly in small post offices for more space than is normally required in post offices on the mainland. I do not know how this accommodation is allotted but it is reasonable to assume that some comparison is made with the needs of communities of similar size on the mainland. However, the minister must remember that in most instances on the mainland a mail is received every day while in Newfoundland, and particularly in the coastal regions and in the riding which I represent, a mail is not received oftener perhaps than once a week. Frequently in the winter time mail is received only every two or three weeks and in some cases only every month. When the mail does arrive the local post office is required to handle perhaps ten or 20 times as much mail as would be handled in a post office of similar size on the mainland. I have been in post offices when a mail has landed and know that the postmaster has had no room to turn around and some of the mail has had to be stored in outhouses and in the lobby.

Some hon. Members: Oh, oh.

Mr. Carter: Not the kind you are thinking of.

There is a need for much greater space in the small post offices in Newfoundland than is required in similar stations on the mainland. I should like to plead with the minister to reconsider the plans that have already been approved for the public building at Marystown. I know he has had a great deal of correspondence about this already but I can assure him from my personal knowledge and observations that the space which it is proposed to provide in the new building is totally inadequate. I would also ask him to reconsider the plumbing arrangements for this building which are not at all in keeping with the size and importance of the community. The site for the building is a miserably small plot, big enough only to accommodate the building itself. It makes no provision whatever for expansion which will have to be undertaken in the not too distant future. I urge the minister to completely reconsider this building because at the present time it is not a credit to this parliament or to his department.

In the matter of the acquisition of sites I would suggest that the present policy of delaying purchase until they are actually needed is a shortsighted one because land values are increasing at a rapid pace. Many of the communities where public buildings will be needed in future are growing fast. I have particularly in mind the community of Channel where a public building is urgently needed. Consideration was given to this matter several years ago but for some reason or other for which I have never been able to find a satisfactory explanation the plans never materialized. It is going to be exceedingly difficult to secure an appropriate site for this building at Channel. I would urge the minister to have a survey made immediately and acquire whatever land is available because it certainly will not be available much longer.

Mr. Green: What was the name of that community?

Mr. Carter: Channel-Port aux Basques. It is a twin town but I understand that the latter part of the name is not in best of favour in his department so I left it off.

With regard to the specifications for public buildings I should like to call the minister's attention to the fact that here is a wonderful opportunity to assist local industries which is also one of the best ways of solving the unemployment problem. We have in Newfoundland a very fine birch veneer plant which produces a quality product that compares very favourably with other products of a similar type that are available on the market. This plant does not have an opportunity to tender on public buildings because the specifications actually specify some other product. I understand that the two public buildings under construction in St. John's at the present time, the post office and customs building, are employing British Columbia fir and other products that are no better than what we produce ourselves.

Mr. Herridge: That is a misunderstanding.

Mr. Pickersgill: It is perfectly true.

Mr. Carter: It is a misunderstanding on the part of my hon. friend because he does not know what superior products we do have down there.

Mr. Herridge: I judge by the large exports of fir to Newfoundland that they cannot obtain that quality there.

Mr. Carter: Anyway, all we are asking for is an opportunity to tender, but there is no opportunity to tender if the specifications preclude it by specifying other types of materials which are produced in other parts of this country. We want to build up our industry. We have our own unemployment problem and here is one opportunity which the minister can take advantage of in the future. I am sorry he did not take advantage of it as far as the other buildings are concerned, but I do hope that he will give attention to this fact in the future.

Another matter in connection with this is the employment of local labour. I am told that at the present time in St. John's a number of riggers are brought in from the mainland and employed on those public buildings at a time when we have qualified riggers in St. John's who are still out of work and cannot get employment. The department should exercise much greater control over the type of products that go into the building and the employment of labour to give the maximum opportunity to local industries and local labour. I do hope that the minister will give consideration to this suggestion.

I thank the minister also for the provision made in the estimates for the matter of Codroy harbour. Although it is not in my own riding it is of great importance to the fishermen of my riding because it provides them with a haven which enables them to prosecute the fishery in the slack season, something which has not been possible for a good many years. I am thankful, too, for the provision of fishermen's wharves at St. Lawrence and at Harbour Breton. These wharves will enable the fishing industry to be prosecuted on a better and a more economic basis than has been done in the past. In Newfoundland we have more need of this type of installation than ever before because of the unemployment situation.

Hon. members will understand that when employment was plentiful on the mainland many of our fishermen forsook the fisheries and sought employment on construction work and in factories, but that sort of employment has dried up and the fishermen are now forced to return to the fisheries. Therefore, they must have these facilities if they are to be able to earn a livelihood from the fishing industry. We have particular needs at Seal Cove in Fortune bay and also at Lamaline and Garnish. In this connection I should like to draw the minister's attention to the need for shallow dredging equipment. The department has been in Newfoundland since 1949 and I understand that they do not yet have any equipment of that type. We need that type of equipment very badly in our province. Perhaps we have greater need for it in Newfoundland than any other province of Canada.

I also ask the minister to give consideration to a wharf at Isle aux Morts. This is a large community which has grown to a phenomenal size and at a phenomenal rate in the last few years. There are over a thousand people there now and they have no public wharf whatever. I know several surveys have been made and it was difficult to find a proper site but I believe a suitable site has at last been discovered. I do hope that every effort will be made to have this project undertaken at the earliest possible date.

As far as the harbour of St. John's is concerned, I have a special interest in it, too, because I live in St. John's and I have lived there for a great many years; St. John's is my home. It is one of the most historical cities in the new world and one of the most important harbours. St. John's is particularly important as a haven and I am going to come out flatfooted and say that I am in favour of the plan proposed by Sir Brian Dunfield and the town planning association. I say that this plan is much more comprehensive than the other one. It will cost more money but I think we should have the best and we should look forward not 10 or 20 years but 100 years in the development of our ports. Any plan that is going to curtail or diminish the water area of our harbour is going to prove to be a very severe handicap in the future. I am not going to say any more on this point now because I hope to deal with it again when the particular item comes up and perhaps speak in more detail at that time.

Before I sit down I want to commend the minister for increasing the miscellaneous grant. I see it has been increased by $200,000 to $1 million but I should like to point out to the minister that even this amount is still very small in proportion to the need. When I came up here in 1949 the grant was $500,000 but costs have gone up a great deal since then. Apart from that, in 1953, I believe, we changed the statute so that only items of $15,000 and over would be separately listed in the blue book, and have provision made for them individually. That greatly increased the drain on the miscellaneous grant

because formerly only projects up to $9,000 were financed out of this grant. Now, projects up to $14,999 are financed out of this grant and since this $1 million is for all Canada, even if the maritime provinces do get perhaps a little more than their share, when it is divided among the separate provinces and is broken down among the different ridings the miscellaneous grant is still inadequate for the demand which is made upon it. I trust the minister will give consideration to these few suggestions I have made.

Mr. Pearson: Mr. Chairman, I have just a few words to say on this general discussion of public works and perhaps I would not utter them if it had not been for what the minister said a week ago in the rather extravagant claims he made for the program of public works which had been put forward by his government as a cure for unemployment. We heard a lot about this last February and March and I thought perhaps we would not have those arguments repeated in a discussion of the estimates of this department. No one, of course, on this side deprecates the importance of a program of public works in respect of national development. There can be no argument on that score and the public works which have been initiated and completed by the Liberal government when it was in power is an indication of our attitude toward public works and national development.

Nor can one quarrel with the idea that in a time of recession public works can be very useful indeed in creating employment, especially municipal public works, local public works, which can be started quickly, on which men can be put to work quickly and which do not require long planning and a great deal of red tape to be unrolled in federal headquarters before work can actually begin. No doubt economists will argue for a long time about whether public works or tax reductions are most effective in a time of recession. However, that argument is apart from the matter we are considering now because both can make their contribution to what we are seeking, more employment, though perhaps it should be pointed out that one of the difficulties and disadvantages in a great program of public works as a way of curing unemployment is that great expenditures on public works do provide a basis for the creation later of inflationary pressures. I have no doubt that is in the minds of the government when they consider public works because we still have the problem of inflation with us in the midst of a period of recession.

But to put forward as it was put forward, a couple of months ago and indeed was mentioned a week ago, a program of public works as a cure for our troubles did not make sense then and it does not make sense now. As has been pointed out in this discussion and previously, this great billion dollar program of public works was nothing more or nothing less than a collection of all the public works in the estimates of the previous year, some of which were on the verge of completion, some of which had just begun and some of which were new. To put that forward as something great and new in our public works history was, of course, something which had no basis of reality.

We have had an opportunity now to examine that electoral program of public works in the light of the estimates now before us and that examination certainly confirms the feeling we had at that time that the great billion dollar program was really the estimates of the previous year and that there were a great many things included in that program which had and could have no influence whatever on employment at this time. If members of the committee, as I have no doubt a good many of them have done, will examine the summary of standard objects of expenditure and special categories attached to the estimates they will get confirmation of the fact that the program of works for 1958-59 is by and large in its amount not greatly in excess of that which covered the year 1957-58.

For instance, taking item 13 of the table, the item dealing with construction or acquisition, the amount voted for 1957-58 was $374 million and the amount in the estimates this year is $380 million, not a very great increase. Under the item for repairs and upkeep—and they were included in the electoral program put forward—the amount this year is $50 million and the amount last year was $48 million. Item 16, construction or acquisition, is a very large item indeed and formed a very large proportion of the billion dollar program that was going to do so much. The amount under that item last year was $548 million and this year the amount is $546 million, a decrease of $2 million. By and large the program in its amount is not greatly in excess of last year. This casts a rather lurid light on this great new billion dollar program of public works.

Mr. Green: I think the Leader of the Opposition should point out in fairness that the figures he is quoting now do not refer to the Department of Public Works.

Mr. Pearson: They include of course, some works under the jurisdiction of my hon. friend's department.

Mr. Green: This is a summary of all departments. For example, equipment includes

all sorts of things. I think the Leader of the Opposition is not quite fair in trying to intimate that this constitutes the works plan of the government.

Mr. Pearson: I want to be fair but I would also point out that when the billion dollar plus program was put forward last February it included a great many things which were not specifically public works at all. I am making a comparison between that billion dollar program and the program we have outlined here. I quite agree that a lot of these things I have mentioned do not come under the jurisdiction of my hon. friend.

Mr. Green: This does not include, for example, the over a quarter of a billion dollars spent on housing.

Mr. Pickersgill: That is not in the estimates at all.

Mr. Pearson: That is not included in the estimates we are discussing at all. I am talking about works, whether or not under public works. Surely my hon. friend will agree that when the $1,085 million public works program to cure unemployment was put forward a couple of months ago it included a great many things which did not have any relationship whatever to a new public works program. That is confirmed by the estimates of this year. That is the point I am trying to make.

As the last observation I wish to make until we get to the details of the minister's estimates, may I point out that the minister said this morning that no projects had been delayed or cancelled by the government when it came into power last June, although he qualified that statement a little later in a way which I will indicate. I think it is pretty clear in the minds of most of us that when the new government took over last June they were very preoccupied indeed with the desirability of reducing expenditures. They said so and they took action towards that end, and at a time when they were more concerned with that than with the possibilities of unemployment. In connection with the action which they took surely the minister, after reflecting, will now agree that some quite important projects were postponed, if not cancelled. He mentioned this morning that there were only two he could think of and that they were minor ones involving a breakwater in front of a Liberal farm instead of a Conservative farm along the St. Lawrence river or something of that nature and he also seemed to recall a post office or federal building in London, Ontario.

Mr. Green: No.

Mr. Pearson: I mean London, England. That was a Canadian building in London, and I can certainly understand the government's attitude with regard to the postponement of that building if it were a question of public works for employment purposes because not many Canadians are being employed in the construction of that building. I know some of the difficulties about that building too which probably warranted some delay.

But last autumn the hon. member for Levis asked a question about this matter, being question No. 182 in the following words:

> 1. Has the government decided not to proceed during the present fiscal year with certain of the projects provided for in the main and supplementary estimates of the Department of Public Works?
> 2. If so, what projects?

The answer to that question is found on page 2640 of *Hansard* for December 19, 1957. I am going to read the items. There are a good many of them. Here are some of the projects which were postponed last year: New Glasgow, federal building; Oromocto, federal building; Dorion, federal building; Nicolet, federal building; Quebec, postal terminal; Morrisburg, post office; Emerson, Manitoba, customs building; Glacier national park, federal housing; Glace Bay, Nova Scotia, harbour improvements; Pleasant Harbour, Nova Scotia, breakwater-wharf; Port Hood, Nova Scotia, breakwater; Port Medway, New Brunswick, breakwater reconstruction; Back Bay, New Brunswick, wharf extension; Ste. Agathe des Monts, wharf; Ste. Flavie, dredging; Mutton Bay, Quebec, wharf; Pointe au Pere, wharf improvements; Little Cascapedia river, dredging.

Mr. Green: May I ask the Leader of the Opposition whether that return he has just read does not include an explanation in each case? In fairness, he should have read the explanation. For example, we find this:

Location	Project	Reason
New Glasgow, N.S.,	Federal bldg.	Site unsettled.
Oromocto, N.B.,	Federal bldg.	Site unsettled.
Dorion, P.Q.,	Federal bldg.	Drawings had to be changed.
Nicolet, P.Q.	Federal bldg.	Site unsettled.

This was not a case of the government cancelling them at all. It was a case of difficulties which had arisen in the course of the work of the department. It is not a case of the department postponing them at all. The Leader of the Opposition should not try to picture them as deliberate postponements.

Mr. Pearson: It is quite true that reasons are given after each of these projects.

Mr. Green: The Leader of the Opposition should have read them.

Mr. Pearson: But the minister this morning used the argument, as he did last Friday, that in all these cases the government had stepped in to accelerate these projects. There may have been difficulty preventing the acceleration—

Mr. Green: On a point of order, may I say that these works were not postponed, certainly not in the sense that that question was asked. In every single case there was some difficulty in connection with the site or the plans or something of that type. In no way could it be described as the government deliberately postponing a project. These matters arise every year. There will be cases this year.

Mr. Pearson: There are other works, which are not in this list and which perhaps the minister will explain, that have been postponed including the West Vancouver post office, the new Bronson avenue canal bridge in Ottawa, the Ottawa Post Office Department building, the national library, and the national memorial shrine. There may have been good reasons why those projects should have been postponed.

Mr. Green: Again the Leader of the Opposition is not being fair. These buildings were not postponed at all. I have never said they were postponed. The post office building was not postponed at all.

Mr. Pickersgill: It just was not proceeded with.

Mr. Pearson: If it is a question of semantics, I will change my language. These were projects which had been initiated by the previous government but which, for one reason or another, have not yet been proceeded with. The argument that my hon. friend was making, and he made it vigorously and in political terms last Friday—

Mr. Payne: On a point of order, Mr. Chairman, I should like to draw the attention of the Leader of the Opposition to this fact. He said that the West Vancouver post office is not being proceeded with. May I say that work has been going forward for the past three months.

Mr. Pearson: The hon. member will have a chance to explain his attitude toward these matters. I leave the matter in your hands, Mr. Chairman, but I doubt that it is a point of order.

Mr. Fulton: You had better explain your inaccurate statement that you just put on the record.

[Mr. Pearson.]

Mr. Pearson: Last Friday the minister made a great point of the fact—and as I say again, he made the point in political terms; in fact, he gloated over our discomfiture at the time—that these public works had been accelerated, that we had held things up and that they pushed ahead with them. With regard to the magnitude of the program I am trying to point out that no case can be made for any great increase over the last year and with regard to acceleration, that there were some projects which were on the books, which had been initiated, had been planned and for which appropriations had been made but which were not proceeded with, certainly in an accelerated way. Those are the two points I wish to make. I think they are valid points and I think they have a bearing on this whole question of public works, both as something which is important for unemployment and also in respect of the government's position that they have pushed hard to give employment through public works. Neither of those points seem to have been entirely met by the minister in the discussion we have had on this first item of his estimates.

Mr. Green: I wish to say just a word or two. One very good example of a work which was accelerated is the post office in West Vancouver. We got that rushed ahead. The difficulties about the site were settled with the municipality and the work was actually started many months before it would have been started in the normal course. This was done wherever it was possible; it was done in many dozens of cases. I read a list a week ago of works which had been accelerated and I stand by that today.

Some mention has been made by the Leader of the Opposition of the Post Office Department building. I presume he means the one which is to be built on Riverside drive.

Mr. Pearson: Yes.

Mr. Green: No provision was made in the 1957-58 estimates.

Mr. Chevrier: Yes; there was.

Mr. Green: No provision was made at all in those estimates for construction of that building. There was money used for planning but there was no provision at all for actual construction. The vote was for planning of the building.

Mr. Pearson: How much was the vote?

Mr. Green: $300,000.

Mr. Pearson: $300,000 for planning only?

Mr. Green: There has been absolutely no delay in that building. If we had been in

a position where we did not have the need to create employment, that was one building which would very well have been held off but it is being put ahead for the purpose entirely of providing employment.

Mr. Pickersgill: I wonder whether the minister would permit one question? This morning I paid him and the department a tribute for spending 97 per cent of the department's allotment. I am coming to think I made a mistake in doing so. With all that long list of works included in the estimates for last year which were not proceeded with—and I use the minister's own term—surely he does not mean to say that notwithstanding that, 97 per cent of all the estimates for the department were spent.

Mr. Green: The figure of 97 per cent is accurate. The department has never before been able to spend anything like that percentage of the vote in a year. We aim to spend 100 per cent but you cannot always do that.

Mr. Pickersgill: That is impossible.

Mr. Green: Every day or so there are problems which crop up. For instance, we can go back to the post office in Wesleyville. In some of the centres we find that people want four or five different sites and that there is a rather violent quarrel in the community as to where it is to be. Things of this sort delay the construction. There are other projects where there have been difficulties of one kind or another and which the department no matter how efficient it might be, in my opinion could not avoid.

Mr. Pickersgill: The minister is suggesting that these projects which the Leader of the Opposition read out—a quite substantial list of projects, some of which seem to be rather large—constituted substantially less than 3 per cent of his total estimates?

Mr. Caron: Mr. Chairman—

Mr. Bourget: He is getting an answer.

Mr. Caron: I will wait for the answer.

Mr. Green: With regard to the question raised by the hon. member for Bonavista-Twillingate, may I say this. The estimates for 1957-58 had to be reduced by the amount of $2.7 million covering those buildings and other works where there was delay. If that reduction had not been made, we would have spent 95.7 per cent as against the 97 per cent.

Mr. Pickersgill: The minister did not do quite as well as he claimed to have done.

Mr. Green: I did not do it at all. It was the departmental officials who did it, and I think they have done a grand job.

Mr. Pickersgill: So do I.

The Acting Chairman (Mr. McGee): Order. May I make a sugestion to the committee concerning remarks at this stage of the resolution and I do so without seeking to cast aspersions on any remarks by any hon. member in any quarter of the house to date. I might suggest that we confine our remarks in such a way that they be pertinent to the department and that we do not attempt to refight the last election.

Mr. Pickersgill: Those remarks should be addressed to the minister.

Mr. Caron: Mr. Chairman, I will not try to re-fight the last election. The only thing I would like to say about the little discussion a while ago is that when the minister spoke last Friday he was not quite so ticklish as when he was accusing the previous government of not doing anything with respect to public works. He has a right to be ticklish once in a while because he seems to have so much fun with others.

The last time I spoke my subject was that of protection walls and I hope the minister did take note of the points I raised and that the matter will be referred to the supreme court because, since Quebec says it is the responsibility of the federal government which the federal government denies, we do need some clarification.

Today I wish to mention that there was an understanding between the government and the federal district commission some years ago that public buildings should be decentralized in order to help with the problems of traffic circulation and parking facilities in Ottawa and the surrounding districts. However, some of our new public buildings are being built miles and miles away from the centre of the capital, all on the Ontario side, in spite of the fact that a good part of the territory with which the federal district commission is concerned is on the Quebec side.

Up to now we have been treated as poor relations of a big family, and I want to ask that the minister and his department take a look at some of the beautiful spots we have on the Quebec side which would be suitable for public buildings and would be much nearer the centre of the city than some of the new public buildings which are as much as six and seven miles from the main government buildings. They seem to extend further and further and they will soon stretch far beyond the city limits. Since the public printing bureau was constructed nothing has been built on the Quebec side of the river.

I believe we are still part of Canada and our services are good with the exception of the lack of a bridge, but I trust that the

minister will see that a good bridge is built. There are good sites in the city of Hull, both in South and West Hull and there are good sites at Gatineau Point, all of which are near the centre of Ottawa, and all would be suitable for the purpose of decentralizing and alleviating traffic problems as excellent space is available for parking purposes. Such projects would be of great benefit to the people in that area.

Mr. McWilliam: The minister, in introducing his department's estimates, gave a long list of projects which were said to have been accelerated in order to provide employment. He tried to leave the impression that he was doing great things in opening up a new large scale program of public works which would cure our unemployment problem. The fact is that in large measure this works program was started by the former government and many of the current plans were made by that government.

An examination of the estimates brings forth a much different picture from that painted by the minister on Friday last. This great works program will fall short of relieving unemployment to any worth-while extent. The urban centres may benefit somewhat but the rural centres across Canada will find no relief from the works itemized in the estimates. In fact, the cost of surveys, drafting plans and specifications and the purchase of materials will take up a great portion of the funds allotted leaving, in many cases, only a small amount for actual wages.

With respect to the acceleration mentioned by the minister, I wish to draw the attention of the house to a newspaper article appearing on June 10 last in the Ottawa *Journal* from which I read in part as follows:

> Charge Delay in Government Work
>
> Complaints were registered by building trade union officials in Ottawa today at the delay in the public works department in calling tenders for many millions of government contracts.
>
> The 1958 construction program for Ottawa is estimated at more than $100 million. At the moment there were 200 carpenters waiting for work.

The minister has tried to make quite a play on what his department accomplished in having a start made on the Campbellton-Cross Point bridge, between the province of New Brunswick and Quebec, which connects northeastern New Brunswick with Gaspe. The minister, by perusal of departmental files, could ascertain that the previous government some years ago offered to pay its share of the cost of this bridge, but that the provinces of New Brunswick and Quebec would not enter into an agreement at that time. The people of New Brunswick, particularly the people of the northeastern part of that province, are very pleased that the governments of the provinces concerned have finally entered into an agreement so that by means of this three-way proposition a start on the construction can be made.

The minister's remarks with respect to acceleration of public works do not apply to a federal public building at Newcastle, New Brunswick. Tenders for this building were called by the former government and the contract was awarded to the Kenny Construction Company in 1957, over a year ago, but what we find today is just a hole in the ground. The construction bogged down when the old building was torn down. This project would have provided employment during the last winter and during the spring months which would have been very beneficial to the unemployed of the area. The minister will say, no doubt, that delays were caused by a request for a change in the plans made by town officials. In this regard I would like to quote from *Hansard* November 20 1957, at page 1355, as follows:

> Question No. 178—Mr. McWilliam
>
> 1. Have steps been taken to begin construction of the federal public building at Newcastle, New Brunswick?
> 2. Was a change made in the site of the building?
> 3. If so, of what nature?
> 4. Did it entail much change in plans and specifications?

The answer filed by the parliamentary assistant to the minister was as follows:

> 1. Yes.
> 2. Yes.
> 3. The town officials made available a 10-foot strip of land to the rear of the crown site and it was therefore possible to meet their request that the building be set back 10 feet from its planned position to help traffic conditions.
> 4. No.

Question No. 4, which I should like to repeat reads:

> Did it entail much change in plans and specifications?

The answer was no. On January 22 of this year I asked the minister the following question which is found at page 3606 of *Hansard* for that date:

> Mr. Speaker, I should like to direct a question to the Minister of Public Works. Can the minister advise as to the cause of the long delay in commencing the erection of the federal public building at Newcastle, N.B.? The answer to order paper question No. 178 on November 20 last led me to believe that construction would start shortly after that date.

The minister's answer was:

> Mr. Speaker, I did not receive notice of this question until just as I was coming into the house, and I will have to make inquiries and obtain the answer.

Now, Mr. Chairman, from the facts as recorded in *Hansard* of last session it is clear that a long and quite unnecessary delay has

taken place. In spite of any excuse the minister might offer he cannot lay claim to acceleration, unless it is acceleration in reverse. Was the handling of this project in keeping with the government statements on their actions to relieve unemployment?

The expenditures in public works for this constituency for the fiscal year amount to $21,000 for the Baie Ste. Anne wharf extension and $40,000 for the lower Neguac wharf extension, two projects that were in the district engineer's plans for 1958 during the former government's term of office.

At this point I should state that Northumberland-Miramichi received several public buildings, many new wharves and wharf extensions under the Liberal government since I have been a member, all of which were designed to assist the fishing industry, shipping facilities and provide buildings for public services. Last year when I raised the question of financial assistance by the federal government towards the erection of a proposed highway bridge at Chatham, N.B., I was advised that the federal government did not assume any responsibility for the construction of highway bridges within provincial boundaries. On December 20 of last year, on pages 2711 and 2712 of *Hansard*, the following questions and answers are recorded:

Question No. 286—Mr. McWilliam:

1. During the past two months did the Minister of Transport receive representations from the Chatham, N.B. board of trade, in connection with the highway traffic problem and proposed construction of a highway bridge across the Miramichi river at Chatham?

2. If so, did the minister reply to such representations, and what was the nature of the reply?

The reply was tabled by the parliamentary assistant to the Minister of Transport and reads as follows:

1. Yes, a telegram was received from the board of trade.

2. The following reply was sent:

"Your telegram November 29 requesting survey traffic conditions relative to need for a bridge at Chatham have spoken to several of my officials and must advise cannot find any indication the proposed bridge would be a federal government responsibility. The bridge would be within province of New Brunswick and consequently I would suggest your representations be addressed to the province."

These answers further confirmed, at least in my opinion, the department's policy concerning responsibility for erection of highway bridges within a province. I ask now, does this policy still exist? Has there been any change whatever from the former policy? I should like also to ask the minister if his department ever received a request from the government of New Brunswick for financial assistance towards the construction of a proposed highway bridge at Chatham across the Miramichi river.

This matter has been a political football for the past few years. The provincial government has failed to take any action. Newspapers and political aspirants have promoted the view that it is a federal responsibility, in part as a result of the location of the Chatham R.C.A.F. station. The federal Conservative candidates in the 1957 and 1958 election campaigns promised the construction of this bridge. They failed to give any consideration whatever as to where the responsibility lies. These statements misled the voters of the area, many of whom never gave any thought as to which government was responsible for construction or whether it might be a joint responsibility. A decision on this aspect of the problem is necessary so that the parties concerned can direct their efforts along the proper channels.

The minister is familiar with this situation. When he was campaigning last spring the bridge committee of the Chatham board of trade interviewed him. A report in the Chatham, New Brunswick *Gazette* of May 6 stated in part, and I quote:

At the conference held with Hon. Mr. Green, every assurance was given the committee by Mr. Green that he would co-operate in every possible way and explore every available channel to enhance the erection of this bridge. It is therefore planned that the committee will, if necessary, journey to Ottawa and discuss the matter further with the hon. Minister of Public Works.

At this conference did the minister advise the committee on the government's policy of erecting or giving financial assistance toward the erection of highway bridges, exclusive of the trans-Canada highway bridges, solely within provincial boundaries? If he did state a policy, and I think he should have in order to keep the discussions within the proper channels, what policy did he state? Has the policy changed from last year? Has the bridge committee asked for an interview with the minister? Has the minister invited this committee to come to Ottawa and discuss the matter? The responsibility, in whole or in part, for the construction of this proposed bridge should be cleared up now.

The provincial government continues to draw red herrings across negotiations. They promised a survey five years ago, but no action was taken. Perhaps an indefinite start will be made on the survey on the eve of the next provincial election. In the light of the press report in the Chatham *Gazette* which I just quoted, the minister gave the bridge committee some very nice sounding words. However, I wonder what they contain? Those words only added to the confusion amongst

the people of that area as to where the responsibility lies. If there is a federal responsibility, in whole or in part, then the minister should say so when he answers the remarks made by members on this item and clear up the confusion. I sincerely trust that the minister will state his department's policy in this regard.

As I said before, there is no sign of acceleration of public works projects in Northumberland-Miramichi. There is little hope held out that the promised relief from unemployment through public works will lessen the number of unemployed this year, when it is at an all-time high for this season of the year. Perhaps in the future, next year or the year after, something of a more concrete nature will be provided. In the meantime, I must say there has been no acceleration whatever in this respect in the constituency which I represent.

Mr. Hardie: I do not intend to follow the minister's example of turning this committee into another election campaign. I should like to deal with some of the matters the minister mentioned in his statement. I have some questions to ask and possibly he can answer them now or have answers prepared for the time when the related items come before the committee.

The minister spent a great deal of time listing the 168 new projects that were supposed to have been started by his government this year. I wonder if he would give us a list of the projects included in that total of 168 where the preliminary work and planning was initiated since his government took office on June 10 last. I do not think it would take nearly as long to list those projects as it did to list those he cited the other day.

We have heard a great deal about acceleration on the part of the government in public works projects and about the steps it has taken to relieve unemployment. I wish to place on the record a part of the statement made by the minister on June 6 as recorded at page 901 of *Hansard*:

> We have accelerated construction. This is a factor which has been almost entirely overlooked in the criticisms made from the other side of the house. For example, we have gone out of our way to promote work during the winter months.

Why should the government not go out of its way? It is its responsibility. You would think it was doing the unemployed people of this country a favour by promoting public works projects during the winter months.

In his statement the minister said that part of the public works program initiated by this government to look after winter employment was the brushing of 150 miles of road from Fort Providence to Fort Rae during the past winter. This project did relieve some unemployment in the city of Edmonton. It did bring a little relief to some of the unemployed in the Northwest Territories, too, but we had many people in the Northwest Territories who were unemployed last winter. Fifty per cent of the labour brought in on that job had to be hired through the unemployment insurance office in Edmonton; those were the instructions the contractor received from the minister. He had to obtain half of his labour from Edmonton while people all over the Northwest Territories were unemployed. Bringing them in from Edmonton meant paying their fare from Edmonton to Fort Providence and return and at the same time people living in the immediate vicinity of the project were unable to obtain employment.

I want to ask the minister a few questions and if he cannot answer them immediately he will have an opportunity to prepare answers before the items are dealt with in the committee. My questions relate in particular to the job between Fort Providence and Fort Rae and are as follows: How many men were hired through the unemployment insurance office in Edmonton for this job? What was the average period of employment of these men? What was the cost of transportation for these men going to and from Edmonton? How many men were hired from the Northwest Territories? What was their average period of unemployment? What was the cost of transportation for men hired in the Northwest Territories? What was the total amount paid to the contractor for this job? What was the total acreage cleared on this project? This may seem to be asking for more than one should expect but I do not believe it is. The contractor obtained that job on a cost plus fixed fee basis and his costs should have been turned over to the department in detail. There should be no difficulty in supplying me the information I have requested.

In addition to that I would like the minister to tell us what was the amount paid the Indian affairs branch for the clearing of the same road west of Fort Rae and how many miles were cleared?

The building program for the Department of Fisheries at Hay River is another example I wish to bring to the attention of the minister. It was not started until late in the year, I think around November. Not one man in the town of Hay River could obtain work on that project but men were hired from Edmonton whose transportation costs had to be paid. Meanwhile, skilled carpenters in the town of Hay River were without employment. We in the Northwest Territories do not object to helping the people of Canada but it must be

borne in mind that a serious unemployment problem exists there not only now but every year.

In the list of projects referred to by the minister he mentioned a northern affairs school and hostel at Fort Simpson costing $2 million. That is the total amount for the project. Tenders were called and bidding will close either at the end of June or July. Regardless of the closing date, in order for the contractor who is awarded the contract to make a start on that school this year he has to have his material brought in to the end of steel, or to the end of the highway at Hay River, by September 15 at the latest. I doubt whether construction could be got under way this year to the extent of $300,000 of the $2 million.

The minister made a strong point the other day of how his department had accelerated its planning to such an extent that this year work had started earlier than in previous years. In the case of the school at Fort Simpson work has not started earlier but later than most projects commenced in other years. I have another question for the minister. How much earlier or how much later were the contracts awarded for the Mackenzie highway from Fort Providence to Fort Rae and from Yellowknife to Fort Rae this year as compared to last year?

As far as the increase in expenditures and the $33 million for a road program in the Northwest Territories that the minister mentioned and all this malarkey we heard during the election campaign in my riding—

Mr. Grafftey: Order.

Mr. Hardie: I will put you in order in about two minutes.

An hon. Member: Invite him to meet you outside the house.

Mr. Hardie: If I had to list all the promises made by my opponent in the last election you would find that all the 168 new projects that the government is starting would be located in my riding. I am not going to delay the proceedings of this committee by reading the list of the 168 projects that were promised for my riding.

Mr. Carter: Don't restrain yourself.

Mr. Hardie: What has happened to this road program? There is less money going to be spent on roads in the Northwest Territories this year than was spent last year. The minister made a big point of mentioning the $12 million Mackenzie highway. This is a job that was started two years ago by the Liberal administration. Up to date possibly 93 miles have been completed and the $12 million was just the remainder of the estimate of the Liberal government two years ago when they started the job.

There are some other questions I should like answered. For instance, I would like to know the amount of the contract awarded to the contractor on the Yellowknife-Fort Rae section of the road last year. What was the amount of that tender? How much was spent on that portion of the road up to the end of March this year? How many miles of road did the contract call for the completion of; how many miles of road have been completed? I am asking these questions now so that the officials of the department may have the answers when the particular item comes before the committee. The minister said the other day that the new government was going ahead with those projects. I say they are all later this year than they were last year. Less money is being provided this year than last year in my particular riding on this northern development program. He did say that the department has rushed ahead at a rate which would have left the former administration breathless and lying on the side of the road. I would say that as far as the former administration being breathless is concerned, I think the minister has run out of wind after his statement the other day. He should not run out of wind now; the stretch drive is the thing that counts. I think he will be out of wind by that time.

Mr. Garland: Mr. Chairman, it is not my intention to delay the committee very long. Some of us might perhaps not have taken part in the discussion at this time had it not been for the attitude taken by the minister when he introduced his estimates last week. I know all Canadians were impressed when the Prime Minister kicked off his election campaign in Winnipeg with the announcement of $1,185 million of public spending. With the examination of these estimates in this chamber we see that the myth has been exploded. However, it is not with these large figures that I wish to deal today.

As I mentioned, I will be brief. I should like to refer specifically to one item and I seek the approval of the committee to cite this one instance. Last Friday the minister created the impression that the public works projects were being proceeded with with breathless dispatch while in fact many of the projects that I know of have been delayed. I have in mind one specific item, namely the dock at Mattawa.

Mr. Green: I rise on a point of order. I do suggest that discussion of this kind should take place on the item. If the hon. member is allowed to go into detail of the dock at Mattawa, then every other member can go

into every other item in his constituency. This morning the hon. member for Bonavista-Twillingate stood over his discussion on the St. John's harbour. It is true it has been the custom to have a general discussion on the first item. This is going beyond that if an hon. member picks out an item and proceeds to talk on it on the general item.

Mr. Garland: Mr. Chairman, I know the minister is an astute politician—perhaps I should say tactician—in this house, but I do say he left himself wide open when he mentioned so many specific items in the introduction of his estimates. I prefaced what I had to say by saying that I was going to delay the committee only on one matter.

The Chairman: Since we are discussing the general aspects of the department we should limit ourselves to a general discussion and eventually discuss the individual item when we deal with the items.

Mr. Garland: Mr. Chairman, I bow to your ruling, of course, but I do say with great respect that we should be permitted to use one instance only to prove a point that has a real bearing on the general discussion. I think the people of the country will find it rather distasteful that promises of public spending are used for political purposes. We have instances of it here, and I shall endeavour to raise the point again to indicate exactly what I have in mind. I know these are small matters in relation to the billion dollar spending program, or the reported billion dollar program, but they are important in our own area. These small amounts and small docks are very important.

The government should take a new look at the importance of the tourist industry in this country. The construction of those docks is tremendously important. I know docks are important in my part of the country and throughout all of Canada. The tourist dollar that is spent in Canada is one of our greatest sources of revenue. Therefore, I urge the government to take a more generous attitude toward those docks. There was a time when it was felt that the tourist industry perhaps was something which should be catered to strictly at the local level. Down through the years we have gotten away from that point of view.

In connection with those docks I should like to say just one word. It is a development that has perhaps come along with the times. The department should give consideration to the construction of a launching ramp or apron in connection with the construction of those new docks which are built throughout the country. It is not an expensive item at all. To a $10,000 or $15,000 dock it could be added as an extra feature for perhaps a matter of $200 or $300. It is a great convenience to the people who use such facilities for the launching of craft that may be transported on trailers or otherwise and I should like to make that suggestion.

In introducing his estimates the other day the minister brought up the matter of housing. I would remind him that I am still waiting for an answer to my question respecting the decision of the government to suspend agency loans. Many people are concerned about this. We perhaps know some of the reasons but I think the house and the country would benefit from a statement in this regard. As I have mentioned before, I know that many of us are concerned about the siphoning off of funds from the smaller cities. It would seem that the government is now going in the opposite direction to some extent because they are now going into areas having over 55,000 people with direct loans for the first time. Some of us are concerned as to precisely what the objective is. Is it control of housing or is it control of the economy? I am not going to delay the house by debating the matter now but I think the government should say what the objective is. I believe sincerely that the government's decision to suspend agency loans for the time being will have a detrimental effect on wage earners in the lower income brackets. In my opinion they will be worse off because banks and other institutions engaged in this type of lending will become more selective with their own money. I would appreciate it if the minister would refer to this matter when he replies.

Mr. Grafftey: Mr. Chairman, I intend to speak only briefly but I thought I should like to take this opportunity to say to the hon. member for Kootenay West how much I appreciated certain remarks he made with reference to the Minister of Public Works. I heartily agree with the hon. member for Kootenay West in the congratulations he extended to the minister with regard, for lack of a better word, to patronage and with regard to what he termed the decentralization policy now being carried out by the minister. Before continuing with these few remarks, and they are going to be brief, may I say that I know there will be cynics in the official opposition who will say that my remarks concern patronage but I think those who will scrutinize them carefully will know better. I can only say that I have sat in the house during the discussion of these estimates and while the speeches of members of the official opposition may look good back home in their respective ridings I think the Canadian people in general are happy that we have a minister who is going to deal with the Department of Public Works in the interests of the Canadian people at large. As I have

said, I concur heartily in the remarks of the hon. member for Kootenay West concerning the minister.

On the question of the decentralization policy in the Department of Public Works I should like to refer briefly to what I had to say in my speech on the address in reply to the speech from the throne. As found at page 413 of *Hansard* for May 23, I said:

—whenever it is administratively possible and practicable, decentralized buying and contract-letting policies should be carried out. So long as the citizen's tax dollar is being most economically handled, we should stress a program of local work for local people. In other words, fairly justifiable objections are heard when large city firms enter rural ridings to undertake contracts or to carry out works which rural people feel they could do at a cheaper rate themselves.

I fully realize, that under modern managerial techniques and having regard to the way business is generally done today it is very often economical to buy centrally and there are also many contracts that only big companies are capable of handling. But I do emphasize that a certain impersonal attitude has come into what I might call the big business picture. Very often the small man who can carry out works and contracts more cheaply is not invited to tender. Sometimes he does not know how to get on lists. I simply want to commend the minister for his intention to pursue a policy of decentralization. I know that most rural members, in fact, most members whether they be Liberal, C.C.F. or Conservative, welcome the pursuit of such a policy to a greater degree than has been the case in the past. I for one feel that such a policy fits in with the announcement in the speech from the throne concerning small businesses. We have all heard in the speech from the throne—

Mr. Pickersgill: Mr. Chairman, I wonder whether the Minister of Public Works is not going to raise a point of order at this time.

Mr. Grafftey: We have all heard in the speech from the throne that the new administration intends to carry out policies that will assist small businesses. I feel this fits in very well with the policy of decentralization in the Department of Public Works.

The Chairman: Order. I regret interrupting the hon. member but at present he is reviving a debate which has already taken place. I would ask him to deal with the subject now being discussed.

Mr. Grafftey: Mr. Chairman, in making these remarks I feel I am expressing an opinion in which members of all parties can concur, I am expressing the opinion that the following of a policy of decentralization to a greater degree will result in reasonable savings within the department. I have heard so many criticisms from the opposition about various things that I thought I should stand up and make a few remarks.

Mr. Chevrier: You are a nice fellow but you are out of order.

Mr. Herridge: Mr. Chairman, the almost embarrassing congratulations of the hon. member who has just taken his seat make me glow with satisfaction and pride and also remove some of the loneliness in my heart indicated by an hon member speaking last night in another debate. In order to quiet the minister's fears, may I say that I am not rising to make another speech. I am simply rising as a pinchhitter for the hon. member for Port Arthur who has been called away. He has asked me to reiterate two questions he put to the minister both last Friday and today and they are strictly in order because they come within the ambit of policy and administration. He has asked me to bring to the minister's attention his request for a statement from the minister on his views with respect to patronage, past, present and future. Second, he would like a statement from the minister as to the possibility of a moratorium by Central Mortgage and Housing Corporation with respect to payments on houses and house rentals. With these few remarks I have discharged my duty at this time.

Mr. Green: I should like to say this with regard to patronage. If I were to speak on patronage it might take a very long time. We attempt to run the Department of Public Works in a proper, businesslike way. With regard to the other question, may I say that I will deal with housing when we get to the Central Mortgage and Housing Corporation estimates. However, I would point out to my hon. friend that this stressing of a moratorium is not going to help in the provision of money for the building of homes in Canada and it might very well have a serious effect on the construction of homes and thereby on employment in the country and certainly on the procuring of homes by young couples who need them so badly. I suggest that before questions of this kind are stressed in the house it would be wise to give some thought to the results that may follow by the impression being created that there is about to be declared a moratorium on all mortgage payments. I think most hon. members will agree with me that it would not help Canada very much at the present time to have an idea of that type spread across the country.

Mr. Chevrier: I should like to ask the minister a question based on some remarks he made when he was on this side of the house. In asking this question I do not want to be contentious in the slightest degree because I am sure that when the minister advanced this suggestion he was serious, just as I am at the moment.

Mr. Macdonnell: You are never contentious!

Mr. Chevrier: Thank you. I am glad to have my hon. friend confirm my statement. When the minister sat on this side of the house I think he expressed the opinion from time to time that it might be well if the Department of Public Works were to give consideration to taking over from other departments the construction of public works in those various departments. One day when I was passing estimates here having to do with certain construction works in the Department of Transport—I have forgotten what the item was but perhaps it had to do with radio or meteorological services or something of that kind—I recall that the minister expressed the feeling that perhaps it was a duplication of services or even a waste of money that there should be so many public works branches in all the departments of government that had any works of a public nature to perform. In the light of the changed circumstances in the house and in the light of the consideration which he may have had time to give to the matter since he has been over there on that side of the house, I should like to hear his comments. I am wondering whether or not he has had an opportunity to consider this problem and whether he would care to comment on it at this time?

Mr. Green: We do most of the governmental construction work. The main exceptions are the work of the Department of Transport and the work of the Department of National Defence. Occasionally we are doing some work for each of these departments. This seems to have been a practice which has grown up over the years. I do not know whether or not my hon. friend was responsible for it when he was minister of transport. The Department of Public Works cannot very well raid the Department of Transport. This is a matter which would have to be decided by the government as a whole. As the hon. member will realize, various practices have grown up for one reason or another in the administrative field. Eventually I would hope that they would be remedied. However, there is close co-operation between the Department of Public Works and the Department of Transport. We happen to share the same office building. We have the very best of relationships with that department and we have great admiration for the work they are doing. I hope the hon. member will not press me any further for my views as to what should be done on this point.

Mr. Chevrier: I would not think of doing so. I should simply like to say this. I presume there is no intention of changing the policy that has existed in that respect over the years.

Mr. Green: We are trying to improve the former government's policies in many regards. This may be one of those.

Mr. Chevrier: May I proceed to another matter, and again I hope the minister will not think that I am contentious. I want to be constructive in this matter. It has to do with a point that was raised by the hon. member for Burnaby-Coquitlam with reference to patronage. It is not my intention to open up that question today but I think perhaps briefly the minister could satisfy not only myself but, I am sure, the house in general. Could the minister say what the policy of the Department of Public Works is with reference to that question? Is there going to be an overall change in the present policy? Have any of the employees of the Department of Works in any category whatever been severed from their employment because of political activities? I think it would be well if the house were to be reassured in that respect. I know that after the election of June 10 the Minister of Public Works made in the house a statement that reassured most hon. members with reference to that matter. I should like to know from him now whether any employees have been severed from their employment since June 10 because of political activity?

Mr. Green: There was some discussion on this question during the last parliament, as the hon. member will recall, and references were made to some employees who had been dismissed. I think he will remember that there was one in the Department of Transport who had been extremely active politically. I think all hon. members will agree that civil servants should not take an active part in politics. Frankly I may say that where you have a case in which employees of any department are active organizers politically I do not think they deserve very much consideration. However, once again I should like to pay tribute to the work of the civil service. Certainly in my department I have found that they have been excellent. As I told the hon. member for Kootenay West, we are trying to run the department on a businesslike basis.

Mr. Chevrier: I was not dealing with the Department of Transport, although I well remember the case the minister had in mind

and he had not been extremely active politically: I was dealing with the Department of Public Works. I wonder if he would answer the question by saying whether any employees have been severed from their employment for that reason. My understanding of the case he had in mind is that a member of parliament on his responsibility as a member of parliament and also on his statement that he knows that a person has actively participated in a campaign, may because of that fact require the severing of an employee from his employment. But my understanding of the situation is that that rule does not apply to civil servants as such but applies to the other categories of casuals, supernumeraries or the like and that in so far as civil servants are concerned, the matter is governed by the pertinent sections of the Civil Service Act.

However, the question to which I wanted to obtain an answer from the minister if he can give it now—and if he cannot do so, I shall be pleased to wait until a later date—was whether or not in his Department of Public Works, which is a huge department of employment in that respect, there have been any employees who have been severed from their employment because of political activity.

Mr. Green: I would inform the hon. member that one of the employees of the Department of Public Works had himself appointed a returning officer for the election last year and took a leave of absence to act in that capacity. That employee has since resigned. That sort of thing, in my judgment, is inexcusable.

Mr. Pickersgill: Did the minister say "to be a returning officer"? A returning officer is an appointment of the crown.

Mr. Chevrier: Does the minister consider that the appointment of a returning officer is an act of partisanship?

Mr. Green: It certainly was in this case. I do not believe there has ever been a government take over in Canada where there has been so little political partisanship shown towards the civil service.

Some hon. Members: Hear, hear.

Mr. Green: I would inform the hon. member that there have been some very provocative actions which in other days would have called for pretty drastic action, but this government has leaned over backwards to be non-partisan in its dealings with civil servants, and I am sure the people of Canada as a whole clearly understand that that has been the attitude of the government.

Mr. Chevrier: Mr. Chairman, I was not trying to be provocative at all. On the contrary, I raised this question in the most casual manner I could, but I believe the house is entitled to know, if the minister can tell us, whether or not any of these men have been severed from their employment for that reason. He did mention the case of the returning officer and in order to indicate to him and to the house that I have no intention of being provocative I say to him now that if it is not possible for him to give the information at this moment, I would be quite happy if he gives it to me next week or even afterwards. I am not pressing for an answer immediately but I think not only this house but the public generally will want to know and will want to be reassured of what the minister has just said, that the government is doing a good job with reference to the employees under its jurisdiction. If it is doing that job, fine, and I will be the first to commend the government, but I would like the minister to be a little more specific. He has been very courteous in his reply but has really shelved the issue. I believe we are entitled to a little more than that and if he feels after consideration in the week to come that the reply should be made at a later time I am perfectly happy. However, I feel the house should know what is the position.

Mr. Green: I think it would not be in the best interests of the service or of the Commons to precipitate a debate on a question of this kind. If it is to be debated then facts will have to be brought out and arguments made as to this man and that man having participated and what he did and so on and so forth. I do not think it would serve any useful purpose whatsoever to get into a wrangle of that kind. The change of government has been made after a period of 22 years when, as the hon. member himself knows very well, active supporters of his own party were given positions in the civil service.

Some hon. Members: Hear, hear.

Mr. Green: Twenty-two years with one party in power, and when thousands—

Mr. Chevrier: I do not know of any who were discharged.

Mr. Green: Thousands of employees were appointed by that government and there were many cases where supporters of opposition parties were unable to get work or were dismissed.

Mr. McIlraith: Oh, oh. Mr. Chairman—

Mr. Green: Don't you get started. I do not believe it is in the best interests of the country to open up this subject. We believe in the merit system for the civil service and our actions during the last year have shown that we have faith in that service. We intend

to stand by them and it does not help very much to try to precipitate a debate on a matter of this kind.

Mr. Chevrier: I was not trying to precipitate a debate but apparently the hon. minister has been touched by what I have said and has gone, I think, a little further than he should have gone. I have no intention of discussing cases. I was looking for an over-all statement such as the minister made, voluntarily, after the election of June 10 when he assured the Canadian people that there would be no severing of employment because of political activities in so far as the government was concerned. The position which he is now taking is different from that which he took on the first occasion, and he has withdrawn—

Mr. Green: On a question of privilege, Mr. Chairman, I made no such statement that there would not be any action taken where there had been political activity. The hon. minister cannot find that I made any such statement.

Mr. Chevrier: I must accept the hon. minister's statement but he certainly did in this House of Commons assure not only the whole house but the country that this question would be carefully considered by his government as would the question of change-over and we were assured that—

Mr. Green: I made no such statement in the House of Commons and the hon. minister cannot find that I did.

Mr. Chevrier: I am very glad the minister thinks I am still a minister.

Mr. Green: There has never been a government which has taken over in Canada where there was so little disruption of the civil service.

Mr. Chevrier: I would like—

The Chairman: Order. I would like to bring to the attention of members that we are at present debating the estimates of the Department of Public Works and I believe we are now getting away from that debate. May I therefore suggest the return to the matter under consideration?

Mr. Chevrier: Perhaps, Mr. Chairman, I could help the Chair by bringing the discussion back to the item under consideration and by restating that when I rose, I discussed the question in a general way in the hope that I would get a simple answer. Instead I got a rather acrimonious reply, but notwithstanding what the minister has said I would like to say that while I was on the other side of the house there was no occasion which I can recall when, in my capacity as Minister of Transport I had occasion to recommend that a person be severed from his employment because of political activities and I do hope that will be the case under the present government.

Mr. Green: There was a very good reason because they were all on your side, so why should they be severed?

Mr. Chevrier: There were five elections.

An hon. Member: How would he know?

An hon. Member: What about Cornwall?

Mr. Chevrier: What was that about Cornwall?

Mr. Robichaud: I would like to ask the minister what is the policy of the department with respect to the appointment of inspectors on construction projects when among the applicants is a man who has overseas service with the Canadian forces to his credit?

Mr. Green: I will deal with that when we come to the particular item.

Mr. Pickersgill: I do not think the minister's answer is quite good enough. This question applies to the whole range of activities of the department. We are discussing the administration of the department and it does seem to me the question asked by the hon. member for Gloucester is very relevant. He beat me by a fraction of a second in asking it. There are a great number of appointments—I do not believe any department has more appointments than the minister's department—of a casual and occasional nature. I think we are entitled to know, on item 1, whether or not it is the policy of the department to respect the veterans' preference in connection with these appointments.

Mr. Green: The answer to that is yes.

Mr. Pickersgill: There are two questions that I wanted to put to the minister. I have been looking through the estimates and I cannot find anywhere—that is why I am asking the question on item 1—a vote for the survey of the Chignecto canal which the Prime Minister promised to investigate during the election campaign. I wonder if the minister could tell me where to find that item in his estimates.

The second question is as follows: I have been looking at the amounts appropriated for the minister's department by the governor in council, in the absence of any parliament in this country. I find that the amount appropriated was about $3 million less than was in the estimates presented to parliament which were never passed. I was wondering if that $3 million was also taken into account when the minister was making the claim he

did about spending the proportion of the estimates he said had been spent. If by arbitrarily reducing the estimates by $3 million, then the claim that they had spent 97 per cent of it would give a very different picture from the one the minister tried to give last Friday.

Mr. Green: There is no item in the estimates with respect to the Chignecto canal.

Mr. Pickersgill: Is the government doing anything about it?

Mr. Green: Well, it is under study. With regard to last year's estimates and the balance of which was covered by governor general's warrants, a discussion will come up I presume on the amendment to the Financial Administration Act, or at a later stage. It is not involved in these particular estimates.

Mr. Pickersgill: I am quite aware of that.

Mr. Green: There were certain amounts voted, certain monthly votes and that sort of business, so I am not in a position to give the exact situation.

Mr. Pickersgill: I think perhaps the minister would have been quite right if he had not raised the matter himself, but since he made the claim he has spent 97 per cent of last year's estimates I think the committee is entitled, before we pass this item, to be told what estimates he means. Is he talking about the estimates that were presented to parliament or the revised estimates the governor in council passed in secret after the election campaign was under way? It is a very simple question.

Mr. Green: The percentages I gave earlier in the afternoon were the correct percentages.

Mr. Pickersgill: Yes, but percentages of what?

Mr. Green: Percentages of the estimates.

Mr. Pickersgill: But of the estimates originally presented to parliament?

Mr. Green: It was 95 per cent, approximately, of the estimates as printed, and 97 per cent of the revised estimates.

Mr. Pickersgill: The minister is unaware of anything being done about the Chignecto canal?

Mr. Green: I told the hon. member that this situation was being studied.

Mr. Pickersgill: Could the minister indicate whether that is being done by his department or by whom?

Mr. Green: By the department.

Mr. Brooks: The hon. member shows great interest in it now, but he did not show too much a few years ago.

Mr. McIlraith: I have two questions to ask the minister. Before doing so, I hope I will not attract acrimonious comment from him when I tell him that I was very pleased to hear him acknowledge, in a wholehearted way, the merit of the civil service. I hope he will not deny me the pleasure of feeling that it is, to some extent at least, to the credit of the former government that they did leave a civil service of such calibre. I think that is fair comment.

The questions I wanted to ask him are these. With regard to the discussion a few moments ago about the public works department supervising the actual construction of all federal public buildings, could he tell the house as to whether or not any decision has been reached with respect to an administrative headquarters, presumably in Ottawa, for the C.B.C.? Could he say whether or not any decision has been reached as to whether such a building, when it is built, will be built under the supervision of the public works department or the C.B.C.

Mr. Green: We have nothing to do with that.

Mr. McIlraith: My point was as to the actual construction of the building, the supervision of the work. It was very much a lively topic of discussion in the past.

My next question has to do with the policy of the government concerning the placing of public buildings on the central experimental farm. I am one of those who considers it a very happy circumstance that we have, right in the heart of our Canadian capital, the very fine central experimental farm. The minister will recall that within the last few years the previous government announced a policy of putting no further public buildings on the lands of the central experimental farm, save and except such buildings as were directly related to the agricultural work being undertaken there. Could he give the house the policy of the present government in that respect?

Mr. Green: This really comes under a particular item of the estimates. Perhaps if we could get the general item through this afternoon, then I would be glad to deal with the question.

Mr. McIlraith: The information I wanted was as to the general policy of the government on that point. It is not on a particular item. I should like an answer. If the minister wants the subject discussed on a particular item, and if he will give an undertaking of

the government that it can be discussed on a particular item, I will be happy to abide by that.

Mr. Green: That would come under buildings in Ottawa, and I shall be glad to discuss it then.

The Chairman: It being five o'clock, it is my duty, pursuant to standing order 15, to rise, report progress and ask leave to sit again.

Progress reported.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. SD-15, for the relief of Olive-Jane Frances Piper Sinclair.—Mr. McCleavie.

Bill No. SD-16, for the relief of Rhoda Carin Burack.—Mr. McCleave.

Bill No. SD-17, for the relief of Evelyn Grace Blakely Mullins.—Mr. McCleave.

Bill No. SD-18, for the relief of Julia Switnicki Kobel.—Mr. McCleave.

Bill No. SD-19, for the relief of Eric Dunstan Martin.—Mr. McCleave.

Bill No. SD-20, for the relief of Hazel Margaret White Jackson.—Mr. McCleave.

Bill No. SD-21, for the relief of Mary Stepko Berryman.—Mr. McCleave.

Bill No. SD-22, for the relief of Jewel Evelyn Bockus Yeo.—Mr. McCleave.

Bill No. SD-23, for the relief of Clarence Leonard Sproule.—Mr. McCleave.

Bill No. SD-24, for the relief of Geraldine Avonne Dixon McNaughton.—Mr. McCleave.

Bill No. SD-25, for the relief of Jean-Louis Ducharme.—Mr. McCleave.

Bill No. SD-26, for the relief of Emery George Nemeth.—Mr. McCleave.

Bill No. SD-27, for the relief of Alfreda Rose Celina Gigot Kyriazis.—Mr. McCleave.

Mr. Speaker: The business under private and public bills having been exhausted, the house will revert to the business which was interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

328. General administration, $8,536,892.

Mr. Robichaud: This item shows an increase from 549 to 595 employees. Could the minister explain if this increase of 46 employees is due to the establishment of new branches in the department or if it is just a normal increase in office employees?

[Mr. McIlraith.]

While the minister is obtaining the information to my first question he might at the same time prepare himself to explain the increase from 58 to 117 employees in the property and building management branch. Here again is this due to new services, new branches, or is it just a regular increase in employees?

Mr. Green: There have been no new branches. There has been a readjustment which accounts for the difference in the numbers shown under this vote. Unfortunately I sent my books upstairs. I had the information all marked.

A survey of the combined office service units in district offices showed that many of the minimum services have not been provided to the technical and professional staff. This has necessitated additional positions in several districts. The heavy work load resulting from highway construction programs and the national parks necessitated six positions to carry out the work now being done by prevailing rates staff. Additional staff is needed at Edmonton to deal with increasing developments in northern construction.

Mr. Robichaud: In the details concerning the building construction branch to be found on page 460 of the blue book it is indicated there has been a decrease of 46 employees. Was that due to transfer to other services of the department? How is the decrease explained?

Mr. Green: Forty-eight additional positions have been transferred from the building construction branch as the duties of the positions relate to buildings and maintenance. It is a transfer within the department.

Mr. Robichaud: I see there is quite a difference in the development engineering branch. There is an increase from 167 to 261. Is this difference due to the hiring of new engineers in the field or an increase in the staff here in Ottawa?

Mr. Green: Large increases in the funds provided for highway construction by other departments have necessitated an increase of 94 positions in the highways division. Thirty-six of the positions were established under the supplementary estimates in 1957-58 to provide engineers in Newfoundland, the Terra Nova national park, the Northwest Territories and the western national parks. Thirty-one positions were established under the main estimates mostly for the western national parks and the Northwest Territories. These are designated as term positions to be reviewed in three years in the light of the department's commitments at that time. The additional 27 positions have been established for the Yukon Territory.

Mr. Robichaud: There is a general increase for that branch in this item 328 of a little over $1 million. There is an increase from $7,402,301 to $8,536,892. Is this increase mainly owing to salaries or to an increase in staff?

Mr. Green: Most of the increase is due to salary increases; then, of course, there is some additional staff.

Mr. Pickersgill: Mr. Chairman, I am rising very briefly to re-echo what was said by the hon. member for Burin-Burgeo. I could not agree more completely with him about the excellence of the staff of the department both here in Ottawa and in the province of Newfoundland. I am sure the minister's officials will tell him, if he does not know already, there is only one thing wrong with the staff in Newfoundland and that is there are not enough of them. That was very understandable in the period when the architects and engineers and other technical personnel were so fully employed in this country that it was just not possible to hire them and probably not desirable to interfere with capital development throughout the country by going on with any public works that could reasonably be postponed. We have now reached the situation where the minister himself indicated that it was greatly in the public interest to accelerate those works in every way possible. I know from what I have seen, even in the past week, that the addition of some engineers in the province of Newfoundland would enable the department to get on more rapidly with this work, work which as the minister knows is very badly needed in that province. I have wondered what efforts were being made by the department in that direction because we all know at this time, with the universities closing, it is not hard to get competent personnel to carry on this kind of work.

Mr. Green: We will be very glad to check into this situation in Newfoundland. The officials of the department have been carrying a tremendous load during the winter months and now with the increased construction during the present season. It is not always easy to convince the treasury officials as to just how much of an increase there should be in staff. The hon. member knows that this was always somewhat of a problem.

Mr. Pickersgill: Quite.

Mr. Green: We are very anxious to keep the staff at its proper size.

Mr. Pickersgill: Anything that I can do to strengthen the minister's hand I will do. I can think of one argument he might use on the Minister of Finance. It is that the salary of half a dozen engineers in each of the provinces might save thousands and thousands and maybe millions of dollars in unemployment insurance and unemployment assistance in this country, because the bottleneck in so many of these projects is supervisory, technical and engineering staff. I know, because, when I made supplications year after year to the Department of Public Works when I was on the other side of the house, I had it explained to me by the former minister. He convinced me because I know he was right, that they just could not get on with these projects because they could not take engineers from other work which was more in the national interest; but that is not true today.

Mr. Caron: Did I understand the minister to say a while ago that the increase of over $1 million was due mostly to increases in salaries?

Mr. Green: The increases were, salaries and wages, $792,591; travelling and removal expenses, $150,000; freight, express and cartage, $2,000; telephones and telegrams, $36,000; office stationery, supplies, et cetera, $43,000; materials and supplies, $71,000; acquisition of equipment, $10,000; repairs and upkeep of the equipment, $30,000.

Mr. Caron: Has there been a general increase in the whole department or is it just increases in some branches of the Department of Public Works?

Mr. Green: Most of the increase in salaries is for new positions. There are some other increases involved in it but the bulk of the sum is for new positions.

Mr. Caron: Have any increases been given to the lower bracket salaried people in the department during the last year?

Mr. Green: A general increase was approved by the present government after coming into power last summer.

Mr. Pickersgill: On the recommendation of the preceding government.

Mr. Caron: Does that apply to the lower bracket salary people?

Mr. Green: That applied to everybody.

Mr. Caron: The civil servants or the hourly rated people?

Mr. Green: The general increase applied, of course, to the permanent civil servants. Those employees on an hourly basis have their pay adjusted from time to time accordingly. They were not covered by it. The amounts are set by the Department of Labour.

Mr. Caron: I did not quite understand the last sentence.

Mr. Green: The prevailing rate employees have increases made from time to time. They are not included in the general adjustment. The prevailing rate increases are on recommendation of the Department of Labour.

Mr. Caron: Are tradesmen paid according to the rates paid union tradesmen in Ottawa?

Mr. Green: Generally speaking I believe that is the case but this again is settled by the Department of Labour.

Mr. Caron: Is it not the understanding that salaries will follow those paid to union men outside the government?

Mr. Green: My difficulty here is that this is a question of policy of the labour department, not of the Department of Public Works. Therefore I am unable to give an answer to that question. The Department of Labour recommends the rates to the Department of Public Works and we set them accordingly.

Mr. Caron: Can we get an answer when we come to the Department of Labour or can the minister get an answer for us before we finish his estimates?

Mr. Pickersgill: Could the minister perhaps prepare a memorandum and present it the next time his estimates are before the committee?

Mr. Green: This is a question which should be taken up when the estimates of the Department of Labour are under consideration.

Mr. Caron: The minister is quite sure that they will not refer the matter back to the Department of Public Works?

Mr. Green: I understand these rates have always been set by the Department of Labour. This is not a new practice. It has always been the case.

Mr. Caron: In the estimates book there is a total amount of $191,426,540 shown for 1957-58. Has the money all been spent or does that comprise the estimates for 1957-58 as they were presented or should have been presented?

Mr. Green: That figure of $191 million odd is the revised figure.

Mr. Caron: Has that money been spent for 1957-58?

Mr. Green: Approximately 97 per cent has been spent.

Mr. Caron: And inasmuch as no estimates were brought forward for that period that money was all spent through governor general's warrants.

[Mr. Caron.]

Mr. Green: Most of the amount was covered by interim supply passed from time to time by the last parliament. The balance was covered by governor general's warrants.

Mr. Caron: Without the estimates being discussed.

Mr. Green: They are to be brought up by the Minister of Finance.

Mr. Caron: Will we have the details of what has been spent by governor general's warrants some time during this session so that we can discuss them?

Mr. Green: That is to be brought before the house by the Minister of Finance.

Mr. Caron: I want to know if we will have the details before us for the amount which has been spent through governor general's warrants or the other part covered by interim supply.

Mr. Green: My understanding is that those figures will be available.

Mr. Caron: They will be furnished.

Mr. Chevrier: May I revert for a moment to the confidential reports my hon. friend referred to the other day in connection with harbour and river improvements. Do these reports cover all of the ports along the St. Lawrence? Can the minister give us some idea of the ports with respect to which a special study has been made and where it is anticipated river and harbour improvements will be carried out?

Mr. Green: In connection with these lower St. Lawrence ports the main or supplementary estimates contain substantial items for port improvements at Rimouski, Seven Islands and Sorel and in addition there are sizeable items for Pointe au Pere and Riviere du Loup. During the last winter investigations were made of harbours at Matane, Pointe au Pere, Rimouski and Riviere du Loup on the south side of the St. Lawrence as well as Chandler and Gaspe farther east on the Gaspe peninsula. In addition, of course, there have been investigations made at the lakehead, Sault Ste. Marie, Windsor, Sarnia, Kingston, Cornwall, and there may have been others.

Mr. Chevrier: Are these investigations made in the light of the new traffic that is likely to ensue following the opening of the 27-foot channel?

Mr. Green: Oh yes, that is one of the main reasons for making these investigations. We have a team go out composed of representatives from the Department of Public Works and the Department of Transport.

Mr. Chevrier: Is any specific attention being given to the north shore of the St. Lawrence river where, because of iron ore development, railway installation and natural resources development, additional facilities will be required?

Mr. Green: As the hon. member knows, some of the ports I have mentioned are on the north shore of the St. Lawrence.

Mr. Chevrier: Can the minister give the amounts involved?

Mr. Green: They appear in the estimates.

Mr. Chevrier: I do not want them in detail as it would take too long. Can he give the over-all amount for the ports east of Montreal?

Mr. Green: We have not got figures here worked out on that basis. Some of the ports on the St. Lawrence, of course, do not come under the Department of Public Works. They are under the national harbours board. I refer to Montreal, Chicoutimi, Quebec, Three Rivers—

Mr. Chevrier: You have named them all.

Item agreed to.

591. General administration—further amount required, $102,800.

Mr. Batten: I want to make one or two remarks and one or two inquiries concerning public buildings in the province of Newfoundland and in my own constituency.

The Deputy Chairman: Item 591 is to be found in the supplementary estimates at page 8. It is another administration item.

Mr. Batten: I am sorry, Mr. Chairman. I will wait until we get to item 329.

Mr. Green: The supplementary estimate is to increase the general administration item by $102,800. The details will be found at page 27 of the supplementary estimates.

Mr. Pickersgill: On a point of order, Mr. Chairman, may I ask this question? Is it not a little bit unusual to start taking the supplementary estimates before we have finished with the main estimates? I have a feeling that greater progress would be made in the committee if we could go ahead with the main estimates and then deal with the supplementary estimates later.

Mr. Green: I do not care one way or the other. It has been done both ways. Some departments take the supplementaries with the regular estimates. Others do not do that. Mind you, it makes for a clearer explanation of the total amount that has been spent on the different items if the supplementaries are dealt with at the same time as the main estimates.

Mr. Pickersgill: If the minister would rather do it that way, it is all right with me.

The Deputy Chairman: Shall vote 591 carry?

Mr. Caron: Then it is the intention of the minister to discuss the supplementaries first and then come back to the other ones?

Mr. Green: That is right.

Item agreed to.

Public buildings construction and services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

329. Newfoundland, $3,461,474.

Mr. Batten: I should like to make one or two remarks and also ask a couple of questions about the public buildings in the province of Newfoundland and in the riding of Humber-St. George's. May I first refer to the public building which now exists at St. Andrew's. This is a small public building. It came into federal ownership as one of the terms of confederation. It is now, I think, long past its usefulness. It is no longer able to serve the community as a post office. It is poorly located. Over the last few months there has been some considerable correspondence concerning this building. I wonder whether the minister is in a position now to give me any information as to what can be done about this problem.

Mr. Green: We will look into the question of the building at this particular location.

Mr. Batten: May I refer to one other building. There is one other public building in my constituency that needs attention, the public building situated at Port au Port. This building is not as old as the one now existing at St. Andrew's. However, it is a very small building and it is completely inadequate to handle the mail that must be handled at this particular point, inasmuch as Port au Port is the distribution centre for the whole peninsula. There is a small anteroom or waiting room on the outside and then there is the inner office which, even for an average mail, is too small to accommodate the number of bags of mail that arrive, and the mail has to be handled in the outside part where it is trodden on by people coming to be served at the post office. I think there has been some discussion as to what are the possibilities of making this building a little bit larger and more suitable for handling the work it is required to handle. I wonder whether the minister, when giving me some information about

the post office at St. Andrew's would also give me some information concerning the building at Port au Port?

Mr. Green: The hon. member will be glad to hear that we are now making plans for a building at Port au Port and we hope to get it started this year.

Mr. Batten: I thank the minister for that information. Is he in a position now to give me any indication as to what type of building this will be and when tenders will be called?

Mr. Green: It is an addition to the present building.

Mr. Pickersgill: That is not quite so cheerful.

Mr. Green: The hon. member for Burin-Burgeo raised a question about the buildings at Burin and at Harbour Buffett. The former was authorized on March 26 of this year and the latter on March 3 of this year. One of them is already under construction. We hope to get them both built this year.

He made some other quite interesting suggestions. For example, he urged the use of local veneer. He said that the veneer plant had been unable to qualify. My instructions are that the specifications were not such as to prevent bids by the Newfoundland plant. They allow for birch plywood. Then he also asked us to build a larger building at Marystown. The Department of Public Works does not necessarily set the size of the building. That will depend upon the requests made by the other departments; for example, in this case the request was made by the Post Office Department. We are adding 200 extra square feet to the building at Marystown. There was some trouble there in connection with getting a site, apparently.

Mr. Carter: No.

Mr. Green: I am wrong. The hon. member complained about the site not being large enough.

Mr. Carter: That is right.

Mr. Green: The view of the officials is that the site is adequate. One difficulty was that the suggestion was made by the town that this building should also house a civic centre and provincial offices. If it were to do that, of course it might have to be bigger. However, we are not in the business of providing office space for civic centres or for provincial governments.

Then he raised the point of using local labour. In our contracts there are standard provisions that local labour must be employed. In addition to that, we are constantly on the watch for ways of making sure that the local people get as much as possible of the business where projects are being built in their district.

It is not as easy as it looks because when we call for tenders somebody may come in with a lower tender who may not be doing business in the particular centre where the project is being built and we cannot maintain a low tender basis of doing business and at the same time refuse to give a contract to a man who happens to make the lowest tender because he lives somewhere else. Every effort, however, is made to create the maximum amount of benefit from these projects in those areas where the projects are being constructed.

Mr. McIntosh: Mr. Chairman, may I ask a question on a point of information. Is this a period when all 207 backbenchers might ask about all the buildings in our constituencies to find out what they are going to be built of and why they are not built in the different villages or towns?

The Chairman: We are now discussing item 329 which covers public buildings, construction and services.

Mr. Green: Perhaps I might help the hon. member by telling him that every member is entitled to do so but I am hoping that they all will not.

Mr. Carter: Following up what the minister has just said, could he say what control is exercised by his department in order to ensure that local labour is employed, because we do have riggers out of work in St. John's at the present time while riggers are being brought in from the mainland.

Mr. Green: Officials of the department try to watch this very closely and to see that local labour is employed.

Mr. Carter: I pointed out to the minister earlier today how overworked is his staff, and I know that in the St. John's office they are terribly overworked, so I do not see how they could possibly have much opportunity to look after matters of this kind in addition to the ordinary work of his department.

Mr. Green: We do the best we can and if the hon. member, or if any hon. member knows of a case where this is not being done we will be very grateful for any information they can give us about it.

Mr. Carter: I do not think there is any indication of laxity on the part of the minister's officials. I was not trying to imply that at all, but I do know that I have received complaints from riggers in St. John's who wonder why they cannot get work on these

buildings when people are being brought in from the mainland to do the same job.

Mr. Green: The department apparently has not been aware of this situation and we will look into it at once.

Mr. Carter: May I ask the minister a question about this local industry. We manufacture a number of products in Newfoundland today such as cement, etcetera, which could be used in public buildings. I have just been made aware that the minister answered part of this question while I was in the lobby and did not hear him. Could the minister tell me, however, whether the local industries had an opportunity to tender on materials for these public buildings?

Mr. Green: Local industry would have to tender to the head contractor.

Mr. Carter: Yes, but my understanding is that when they tender to the contractor the contractor finds himself bound by the specifications with respect to materials which are actually written out in the contract and if the particular product is not actually specified by name then they cannot tender.

Mr. Green: If the hon. member will give us an example where this has been done we will remedy the situation at once.

Mr. Carter: This is not a complaint peculiar to Newfoundland; I am getting complaints of this kind from all over the maritimes. The people of the maritimes complain that local suppliers do not have a chance of supplying materials required for public buildings, and they blame the situation on the specifications. Some even go so far as to imply there are lobbies in Ottawa to get preference for certain materials.

Mr. Green: I would not like the hon. member to spread the news around, but we actually specify local materials are to be used, wherever possible in the maritimes.

Mr. Carter: And that includes Newfoundland?

Mr. Green: Yes.

Mr. Hardie: On the question of local labour, is there any way in which the minister could write into the contract that a certain percentage of local labour must be used?

Mr. Green: This is actually written into the contract.

Mr. Pickersgill: When I spoke earlier today I was just about to say something with respect to standard plans to which the minister had referred when he opened the discussion. This matter is very relevant to this particular item because there is no doubt that there are a number of public buildings needed, such as post offices, in some of the middle-sized places of Newfoundland. These have not been built in the last few years, for the reasons I indicated earlier with which I think the minister agreed. It would be a very great help to have these buildings constructed at this time when the provision of employment is so vital. As to standard plans, I have in mind particularly the plans used at Glovertown and Joe Batt's Arm. Buildings of the kind I have mentioned are well adapted to these communities and those plans could be used. There are a number of other communities. I do not profess to know other parts of Newfoundland as well as I know my own riding, but in my own riding there are three or four places which would qualify with exactly the same criteria as the two I have mentioned. So far as revenues and amount of postal and telegraph business are concerned they are equally suitable for projects of this kind. I have a few places to add to the minister's shelf, although I do not seriously expect him to get all this work done this year because I know the estimates are now before us. I know, however, that he is anxious to go ahead with his planning for the next year so that he can really make an early start and so that that start will not be just the vision mentioned in his speech, but a reality.

I would mention, therefore, that Gambo and Hare Bay would undoubtedly qualify. I would also like to ask the minister, although he may not have the information immediately if he would tell me before the estimates are concluded whether the announcement made by my opponent during the election campaign to the effect that a building was going to be constructed this year at Badger's Quay is correct. I believe it is correct, and I hope it is, but there is no evidence of it in the estimates. I presume the reason is the same as in the case of Wesleyville, namely that it is not expected to exceed $20,000 in cost and therefore does not have to be specified separately.

While on this subject there are two other points I would like to mention and one perhaps is a criticism of the administration to which I belonged. Even though I was a member of the government for four years, I was never able to discover—so well kept was the secret—who or which department it is that really decides the size of these buildings. If you go to the Post Office Department they will say, "Oh, yes, we ask for so much, but those people in the Department of Public Works always screw us down", and, if you go to the Department of Public Works, they say, "We are just purveyors. Whatever the Post Office Department asks for, we give them."

I am sure the minister must have had that experience himself when he was over here, and I just wanted to confide in him that even a minister of the crown has the same experience. However, with this new regime where there are going to be no secrets and everything is going to be out in the open I think it would be wonderful if the minister would tell us, once and for all—and would get the Postmaster General to agree with him before he says it—which department it is that really does decide. I am making this plea primarily for the benefit of the 150 members opposite who will not get much chance to speak on the estimates and who are just as much interested as we are in these matters. I know that they would like to know to which department they ought to go, whether it is the Post Office Department or Public Works.

The fact of the matter is that, it has been a regrettable experience that whichever department it is has never been able to appreciate how rapidly Newfoundland is growing. Again, I say this may be slightly in criticism of the administration to which I belonged, but it is true that practically every public building that has been built in Newfoundland is already too small. The building at Stephenville—I believe the hon. member for Humber-St. George's will confirm this—was too small before it was opened. The building at Deer lake, which was opened only two years ago, is going to have an addition to it already, according to the estimate. We are glad to have Newfoundland growing. We hope it is going to continue to grow, even under the adversity of a Tory government.

Mr. Green: That is why it is growing.

Mr. Pickersgill: One of the best expressions the minister can give of his confidence in his own government, and in the results of his administration, would be to see that these buildings are 25 per cent to 30 per cent bigger than those which the post office requests. If the minister will do that, and if he will build buildings at Hare Bay and Gambo, and at one or two other places I will mention on another occasion, I am sure that he will make a lot of people in Newfoundland happy and a lot of people think better of his administration.

Mr. Green: I was rather surprised that the hon. member raised this question of the size of buildings because I understood that my predecessor thought the building at Bonavista was too large.

Mr. Pickersgill: Does the minister take that view? I saw that building in Bonavista this week, and I can assure the minister that all the rooms in the building seemed to be fully occupied. When the mail comes in three times a week, the waiting room is pretty well filled, too. The building is actually a credit to the people of Canada and a fine symbol of the advantages of confederation.

Mr. Green: I hope they did not all turn out just to meet the hon. member?

Mr. Pickersgill: I am glad the minister mentioned that point, because a large number of them did turn out, I regret to say, to ask the hon. member if he could find them a job. If the minister could only get ahead with his dredging and his work on the piers at Bonavista some of these people would have jobs and would not have to be asking for one.

Mr. Green: The hon. member will be glad to hear that we are going to build a post office at Badger's Quay this year.

Mr. Pickersgill: I am delighted.

Mr. Green: In so far as the responsibility for determining the size of these government buildings is concerned, that must be a matter of co-operation between the departments. While we do build many buildings for the Post Office Department, we build an increasing number of buildings in which other departments of government are housed. I am afraid the position must continue that this is a matter of co-operation between the different departments.

Mr. Pickersgill: There is one other question I should like to ask, and that is all I have to say on this item. Can the minister give us some estimate as to when it is expected the customs and post office buildings respectively will be completed in St. John's?

Mr. Monteith (Perth): There is more than Newfoundland in this country.

Mr. Pickersgill: Yes, but they did not elect anybody to speak for them.

Mr. Green: The answer to the last question asked by the hon. member is that we expect these buildings to be completed in mid-1959.

Mr. Carter: Would the minister say if the amount of space provided in the building now proposed for Marystown is the same as was requested or equal to what was requested by the Post Office Department?

Mr. Green: The area is 20 per cent greater.

Mr. Carter: It is 20 per cent greater than what?

Mr. Green: It is 20 per cent greater than that agreed upon by the post office.

Mr. Carter: My question was, is it greater than the area requested by the post office, not what was agreed upon?

Mr. Green: Yes, 20 per cent.

Mr. Robichaud: While we are on this item of public buildings, construction and services, could the minister state if the Department of Public Works has a definite policy concerning the construction of post office buildings? What I mean is, does the revenue of a post office have to be up to a certain amount, or is it just built where the demand is strong enough?

Mr. Green: These questions are very carefully considered by each of the departments. They set up different priorities for different centres. For example, No. 1 city may be put in category A, and then the building there would be built ahead of the building in a centre in the second category. By the way, this year we either have or will have under construction all the category A buildings, and about half of those in category B.

Mr. Robichaud: My question was, before the department decides to build a post office building must the revenue of that particular office attain a certain level?

Mr. Green: That is a factor in the decision as to whether there will be a new building. Mind you, there are other factors. There may be a satisfactory lease. You cannot lay down any general rule because conditions are different in the different cities.

Mr. Tucker: With reference to unemployment and the clause that local help must be used on these works, I hope the minister will see to it that they adhere strictly to the clause. I should like to ask if in every public building erected in the different towns there is always provision made for the necessary washroom facilities?

Mr. Green: Yes, I understand provision is made for our own employees, but of course not for the general public.

Mr. Tucker: Not always, I understand.

Mr. Carter: I have a few more questions to ask, but it is now six o'clock.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

Business of the House

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, will the house leader indicate what the business will be on Monday?

Mr. Green: Mr. Speaker, by arrangement between the parties we are to have a one-day supply motion on Monday with the understanding that at least by ten o'clock we shall get into supply when under the rules we can call three departments. If by any chance we should get into supply before ten o'clock we would go on with the public works estimates.

On Tuesday we intend to start with the resolution dealing with hospital insurance and then to follow that with the resolution concerning the Department of Transport Act, the resolution on the Canadian Farm Loan Act and the one with regard to the Cape Breton Highlands national park. We only have until six o'clock because the budget speech will be delivered at eight.

Mr. Chevrier: Mr. Speaker, in view of the extreme co-operation which the minister has received on the first item of his estimates perhaps I could persuade him to go a bit further and tell us what we might expect on Wednesday, if that is possible.

Mr. Green: I am not yet sure about Wednesday. We may conclude the debate on the NORAD agreement and then take other government business which happens to be on the order paper. Next Thursday may be government business or we may go into supply and on Friday an arrangement has been made under which the debate on the budget will commence.

Mr. Speaker: I understand from the house leader that all parties have agreed that the supply motion on Monday will be a one-day motion and there will be no time carried forward beyond that and the vote will be taken at the end of the discussion or at the end of the first day.

Mr. Chevrier: That is the case so far as we are concerned, Mr. Speaker.

Mr. Herridge: That is correct, Mr. Speaker.

Mr. Speaker: That is agreed.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

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

PUBLIC WORKS—CANCELLATION OF PROJECTS

Question No. 61—**Mr. Bourget:**

1. Has the Department of Public Works cancelled any projects for which tenders were requested since January 1, 1958?
2. If so, what were these projects, and the amount involved in each?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. No.
2. Answered by No. 1.

POST OFFICE BUILDING, COTE ST. LUC, QUE.

Question No. 64—**Mr. Macnaughton:**

1. Has the Postmaster General received a petition from the mayor and municipal council of the city of Cote St. Luc, Quebec, asking for a post office building?
2. If so, has the minister given approval?
3. Has the Postmaster General recommended its construction to the Minister of Public Works?
4. If so, has a site been acquired, and where?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.
2. Yes.
3. Yes.
4. Yes—(on Cote St. Luc road between Silverson and Elgin avenues).

CABANO-RIMOUSKI FIRES—FEDERAL AID

Question No. 66—**Mr. Racine:**

1. Did the federal government grant financial assistance to the towns of Cabano and Rimouski, in the province of Quebec, in connection with the major fire disaster suffered by these municipalities in 1950?
2. If so, by whom was the request for such assistance made, and what were the respective amounts paid?

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

1. Yes.
2. The government of the province of Quebec.

Rimouski	$2,436,634.05
Cabano	299,726.01

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

328. General administration, $8,536,892.

591. General administration—further amount required, $102,800.

APPENDIX

ADDRESS

of

RIGHT HONOURABLE HAROLD MACMILLAN,

Prime Minister of the United Kingdom

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

FRIDAY, JUNE 13, 1958, AT 10.00 A.M.

Mr. Macmillan was welcomed by the Right Hon. J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Hon. Mark Robert Drouin, Speaker of the Senate, and the Hon. Roland Michener, Speaker of the House of Commons.

Right Hon. J. G. Diefenbaker (Prime Minister of Canada): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of both houses of parliament: This is the third time that a prime minister of the United Kingdom during and since the war has spoken in this chamber. Our thoughts are carried back to those dark days during the war when freedom hung in the balance, and when there was made in this chamber by that indomitable statesman Sir Winston Churchill a speech which gave new hope to the legions of freedom everywhere in the world. Mr. Macmillan and Sir Winston have in common not only their devotion to national and international well-being, but through their maternal strain both unite their own country with the United States of America in its partnership with us without which freedom cannot be achieved in the world.

On this occasion I know you would want me to say as well that we are very happy that Lady Dorothy Macmillan has accompanied her husband at this time. We remember that it was during the days following the first great war that here in this city of Ottawa Mr. Macmillan met his bride-to-be.

In these difficult days the Prime Minister of the United Kingdom approaches the critical world problems with wisdom, with loyalty, with long experience in business and as a House of Commons man, and with the scholarly clarity born of outstanding academic distinction. He is one whose mind has been tempered in his devotion to the great masters of history and politics, and whose desire for peace and the necessity of its maintenance was born of his own experience of the terrible toll of war. One of his great predecessors, Benjamin Disraeli, once offered this as a definition of a statesman: "One who represents a great idea, an idea with which he may identify himself, an idea which he may and can impress on the mind and conscience of a nation".

That definition is one to which Mr. Macmillan conforms in his devotion to the achievement not only of the well-being of his own nation and of a prosperous commonwealth dedicated to freedom, but in addition thereto in his never-ending efforts on behalf of peace.

During the last couple of days he and I and my colleagues have been associated in informal discussions. No one anywhere in the world need fear the purposes or the objectives of these and similar meetings. These discussions are not in the nature of conspiracies, but are conferences for peace designed to attain the joining of our efforts for the maintenance of an honourable and humane international society.

Today the joint purpose of all of us must be never to weary in well-doing and to realize at all times that while some may say it is a futile objective to have that idealism in the face of the sometimes sheer paralysis in the inflexible stand of the U.S.S.R., we must not consider that quest as futile. Out of this meeting has been reinforced, as I see it, the conviction that we will not be "futilitarians", however great the frustrations may be, but will continue to do everything we can to do our part simply, humbly and justly in order to bring about the assurance of peace to generations to come.

On your behalf and on behalf of the Canadian people I welcome Mr. Macmillan as a scholar, a soldier, a world statesman, commonwealth friend and expounder; the Right Honourable Harold Macmillan, Prime Minister of the United Kingdom.

Address by Right Hon. H. Macmillan

Right Hon. Harold Macmillan (Prime Minister of the United Kingdom): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, and members of both houses of parliament: I am very grateful for the invitation which has been extended to me to address the Canadian parliament. I have spent 34 years of my life listening to speeches in the House of Commons. I therefore know what a high compliment it is for parliamentarians to add voluntarily to the burdens they may have to undertake.

I remember very well sitting in the gallery of the House of Commons in Canada in Ottawa nearly 40 years ago. At that time I was a young member of the governor general's staff, which I joined shortly after the end of the first world war. I recall in particular the leading figures on both sides. Mr. Meighen, happily still with us, was on one side, and on the other was Mr. Mackenzie King. Those were the heroic days of parliamentary debate. Being already attracted to politics, I used to spend many hours listening to these classical masters of oratory. If I remember right the fashion of that day was that speakers were not only very polished but sometimes—dare I say it—somewhat prolix.

I listened to your proceedings as a young man, and now in revisiting your parliament after this great lapse of time I am reminded of a story of Sir Winston Churchill who is still, I am happy to say, an active member of the British House of Commons. On a visit to America and Canada in the middle of the last war he was persuaded somewhat against his will, for he was much pressed for time, to go to Niagara falls, which he had not seen for 40 years. When asked what he thought about it he made this observation, "Well, the principle of the thing seems much the same". So, if I may say so, it is with your parliament.

I lived a year in Canada, and I had the good fortune to travel over the greater part of the country. In fact I think I have visited perhaps more places from coast to coast than have many Canadians. I took away from Canada the most happy memories. I made many friendships which have lasted through the years. I also took back two precious gifts: first, the return of my health—for I was a cripple from war wounds when I came here; and second, a gift to which you have made kind allusion, Mr. Prime Minister—a wife. I am glad to say that I have contrived, in spite of the ups and downs of life, to preserve both these blessings.

The last time I was in Ottawa was in November of last year. I had already had the good fortune, Mr. Prime Minister, to make a friendship with you in the summer previous when you came post-haste from a general election to the commonwealth prime ministers' conference. I shall always admire the way in which you arrived almost at a day's notice. Nor can I forget that at that conference by your inspiration and persistence there were sown the seeds of the commonwealth trade and economic conference to which we are looking forward with such high hopes. The first stage took place within a few months at Mont Tremblant last year. For the second, the preparatory work of experts and officials is now proceeding. I earnestly hope that the conference will mark a great advance in commonwealth co-operation in trade and commerce.

When I saw the Prime Minister and the cabinet seven months ago we had full and frank discussions; but if I remember right it was a position of some political uncertainty. Since then you have had another election and you, Mr. Prime Minister, have the satisfaction of being now supported by a large majority in the house.

Perhaps you will allow me without impertinence to make some reflections upon the ups and downs of politics. You have had them in this country, and we have had them in ours. Great successes are very agreeable when they come, and defeats are correspondingly disappointing; but both victory and defeat are in our democratic system part of the game. We learn to accept them cheerfully and look forward to the next time. We recognize that the rights of minorities must be respected as well as the powers of majorities, and perhaps this is the special strength of our tradition and our democratic system. It is based on, and indeed it can only be preserved by, good humour, common sense and fair play.

This leads me to venture some observations about the commonwealth as a whole. I have had in the last few months a most wonderful experience. I made a tour, much too rapid to be satisfactory but comprehensive enough to be inspiring, of five commonwealth countries in as many weeks. All of them have their problems—India, Pakistan, Ceylon, Australia, New Zealand. I hope I may be allowed some day to make not only these occasional visits to the capital of Canada, but a more prolonged visit to other parts of the country. This tour which I made in January made me realize more deeply what I had already known but perhaps had not fully comprehended, the immense force for good which the commonwealth is and can be in the world today.

What is it that binds us together? The United Kingdom, Canada, Australia, New Zealand, South Africa—we are, of course, held together by common origins and tradition.

We feel a deep and personal loyalty to the crown, perhaps never more than today. We are fortunate indeed to have in our Queen so noble a representative of the royal function. But there are many countries of the commonwealth which do not share common origins or common allegiance. We are not, all of us, bound together by ties of race, colour or religion. In these countries of Asia and Africa even the crown itself, so dear to you and to us, is respected more as a symbol of commonwealth unity than as a real and personal object of loyalty.

What, then, is this spirit that breathes upon this unique community of nations? It is, I think, closely connected with what I was trying to say just now about our parliamentary system and how we work it. It is the idea of free government, freedom of the law, of law and government separated, the judiciary uncontrolled by legislature or executive. It is the belief in government by consent, by debate, by committee, by local authority, by parliament. Above all, perhaps, it is the conviction that the state was made for man and not man for the state. People who believe in these ideals will never surrender to materialism or to tyranny.

Of course the new nations of Asia and Africa have many problems and difficulties, but I have been deeply impressed with the deep impact which our people and our institutions have had upon these peoples of the east. I am quite sure of this; we do not gain in their estimation by denigrating the very real contributions which we have made. I am not thinking only of the great viceroys, the famous governors, the conquering generals; I am thinking about the work done throughout the subcontinent of India and throughout many parts of Asia and Africa by quite simple people—the district officer, the doctor, the missionary, the schoolmaster. These men come from humble homes; the small squire, the professional class and above all from vicarage and manse. The work they did is not forgotten. It is still fruitful, more fruitful perhaps than they ever could have dreamed. All these ideas and examples have revivified the old societies of the east, and if now the new vigour and bursting energy of these lands seems sometimes wrongly directed, let us remember this simple fact. In the great struggle for the future of mankind which has continued throughout all history and is now perhaps more intense than ever, the ideals of the commonwealth, steadily pursued, have put the commonwealth nations firmly on the side of freedom.

Military alliances, economic pacts, formal guarantees; all these are good and necessary and have served us well. We in Britain are proud to be the only nation to belong to all three defensive groupings in the world—NATO, SEATO and the Baghdad pact. Nevertheless these do not of themselves bring us new friends or win over the hesitant and doubtful, for this is a struggle partly of power and partly of ideas. In this struggle it is, in my view, the ideas and the ideals which will count in the long run, and in all these the commonwealth of today has a vital role to play.

It would be wrong to think that in this world struggle we can take only a defensive posture. The steady growth of the commonwealth is, indeed, the best evidence that our way of life is positive and vital. That is what we have to show to all the other peoples of the world who are hesitating to commit themselves, as well as to those who are at present under the yoke of Soviet domination.

You may ask how will it all end. I do not believe that we need fear the future if we hold firm to our faith and our ideals. In time even the monolithic dictatorships crumble and change, for although the free world by its very diversity often seems weak, in its variety and above all in its freedom it is fundamentally strong. I do not believe that a purely materialistic concept of life will forever satisfy men and women; nor do I fear a continuing struggle of ideas. This I think should be our chosen battleground.

(Translation):

In this large family which is the commonwealth, Canada represents a link of vital significance. Yours is a special position. I believe that Canada and Great Britain have never felt closer than at this time. We hope and strive to increase that cooperation in all fields. I have already referred to the economic conference. It is more than that. It is the feeling that you and I have, Mr. Prime Minister, as members of the same team, serving the same Queen, and humbly dedicated to identical aims.

And to you, French-speaking Canadians particularly, I can say that you are living examples of unity in the free world. The traditions of French civilization were entrusted to your forefathers. In preserving them with unwavering tenacity, you have nevertheless successfully transformed and adapted the traditions of the past. And by this transformation, you yourselves have developed. But other Canadians have changed too. And from this blend, unique in the world, rises the splendour of Canada as it is today.

(Text):

May I with your permission, Mr. Speaker, add a few words about the old country. It is not too often that the people at home

talk much about themselves, except of course in self-criticism. If you were to read what the newspapers say about us, what the opposition say about us, what the backbenchers of the government party say about us, what the popular writers say about us, what the television stars say about us, and what the broadcasting experts and columnists say about us, you would really think that the poor old country was on the way out. But this habit of self-criticism in the British people—I should really say the English people—can be very misleading.

Being half a Scot and half an American I can look at the English people with that special devotion which only those with no English blood would dare express. They are really a most wonderful folk. They go on grousing away, but do not be misled. Quite a lot of people have been misled in my lifetime; the Kaiser was, and so was Hitler. The truth is that although they affect to be idle, flighty and even cynical, they are in fact a most hard-working people with deep-rooted principles and a strong sense of duty and devotion. The only thing is that they do not like talking about it.

In the 12 years since the war the old country has carried a pretty heavy burden. When I was a young man and joined the army in 1914 the national debt of Great Britain was £800 million. Today, it is £27,000 million. We have not repudiated these debts; we have not got out of them by wild inflation as some other countries have done. We have tried to pay our way by honest money. We have raised our standard of living to almost the highest in the world. Since the last war we have raised our exports from £900 million to £3,500 million. We have increased industrial production by nearly 60 per cent, and we have increased investment at home by 120 per cent. We have increased our lending abroad to an average of over £200 million a year—now running higher than that, because I said an average—and all of this invested in the commonwealth.

In the five years immediately after the war we naturally had great difficulties. The average deficit in our balance of payments was £80 million a year. Over the last five years we have had an average surplus of £170 million a year, and this improvement is continuing. Naturally, since our reserves are too slender for the immense business which we finance, we are always subject to temporary difficulties. Almost 40 per cent of the world's trade is done in sterling, in our money, and we have only 4 per cent of the world's reserves to support it. But we shall get through future difficulties as we have done the last ones. The only thing that up to now we have not been good at is salesmanship, and that, with your help and by your example, we are now learning.

I was particularly pleased at the job done by the visiting Canadian delegation a few months ago. The contacts that were built up and the close association that we have now with Canadian industry are going to produce some remarkable results as the months go by. We have with your government the closest understanding. We have between your industries and ours novel and quite remarkable developments in practical co-operation. Your industrialists have been to see our country and how good the stuff is that we have to sell. We hope that our recent mission to Canada under Sir William Rootes will have helped us to add still further to our understanding. We are looking forward, therefore, to increased mutual trade and closer working in all industrial and economic fields.

Our two peoples, among so many other things in common, have also this which ties us together. There is a word, which like most of the sacred things we do not find it easy to bandy about; which we do not talk about, but feel, and that word is "loyalty". Canada was founded on loyalty. The people of the old country, with all their differences and divergences, are a profoundly loyal people.

I can assure you, Mr. Speaker, that it is with deep emotion that I have the honour to speak in this chamber as Prime Minister of the United Kingdom. I never dreamt as a young man of such a possibility. Now that it has come I can scarcely believe it, but the message I bring to you is one based upon the thoughts of my early youth and confirmed by later experience. Our people and your people have been tested twice in my lifetime, tested in a hard school through two long wars and the harsh and difficult problems that follow war, but never were Canada and Britain closer together than they are today. Each of us can say to the other, with sincerity and truth, those beautiful words we know so well:

> Whither thou goest, I will go; and where thou lodgest, I will lodge: thy people shall be my people, and thy God my God.

(Translation):

Hon. Mark Robert Drouin (Speaker of the Senate): Mr. Prime Minister, may I, on behalf of the members of the Canadian Senate, express the pleasure your visit to Canada has brought us. We were happy to learn that you had kindly consented to address us in this house, and I wish to offer my most sincere thanks for the admirable speech you have just delivered. Each of us, I am sure, has found in it food for deep thought.

I would also like to avail myself of the opportunity, Mr. Prime Minister, to express, on behalf of those senators and members who, like myself, are of French descent, the pleasure we felt while listening to you speak to us in our native tongue.

Our country is rightly proud of the visit of so illustrious a personage as you are, and we are most happy to have you with us at this time.

As was said by the right hon. Prime Minister, this is the third time in less than 20 years that a prominent spokesman of the United Kingdom has honoured this house by his visit and enlightened it by his authoritative statements.

In December, 1941, it was the Right Hon. Sir Winston Churchill whose engaging personality was the hope and inspiration of the democratic world during the dark hours of the war. In February, 1956, we welcomed the Right Hon. Anthony Eden, who played such a great part in the administration of the foreign affairs of his country. Today, we welcome you, Right Hon. Mr. Macmillan, who, in these uncertain days, continue to play the same prominent part as your predecessors. To us, you are the personification of the importance and the greatness of the United Kingdom. This relationship between our two countries is of the highest order. Owing to our frequent consultations, we have been in a position to work in perfect understanding for the promotion of our mutual progress and development. Has it not been said, and rightly so, that the commonwealth countries constitute a vital part of the business world? Although those countries have evolved and have reached nationhood, the similarities which they have preserved create among this group of parliamentary democracies a relationship which allows them to spread their influence throughout the world and to contribute to the establishment of a spirit of understanding and cohesion.

We are confident, Mr. Prime Minister, that this relationship will continue to be strengthened with the years.

The whole of Canada welcomes you as an ambassador of friendship and of peace, two sentiments which are made especially alive by your kind presence here today. May I say to you, sir, how deep an impression you leave with us? Your visit here has extraordinary importance at a time when some international problems remain unsolved. Moreover, it symbolizes the loyalty which unites our two countries; it is the symbol of the sustained efforts your country made after terrible years of hardships. If, at the most critical time of history, we sometimes tend to lose faith in the future, we only have to look upon the glorious past of your country to find new courage and energy.

We are all rightly proud to be members of the commonwealth, this group of partners who, in a spirit of equality and fraternity, work for the maintenance of peace and freedom in co-operation with other agencies of world security. Such is the ideal you represent, Mr. Prime Minister, and in closing my remarks I should like to endorse the opinion expressed by one of our French-speaking newspapers, on the occasion of your visit:

> There is no doubt that, like previous ones, this meeting between the head of the government of Great Britain and the head of the government of Canada will be friendly and will afford both countries a new opportunity to strengthen friendly ties which are not to be neglected in the western world at the present time.

Therefore, I have the great honour, Mr. Prime Minister, of expressing to you, on behalf of this assembly which represents the Canadian nation as a whole, our deep gratitude for your visit, and I should like to transmit, through you, to all your fellow citizens our sincere and friendly regards.

(Text):

Hon. Roland Michener (Speaker of the House of Commons): Mr. Prime Minister Macmillan, on behalf of the House of Commons I have the honour to add our words of appreciation to those expressed by my colleague of the Senate. From our point of view it is particularly appropriate that you should have spoken to the Canadian parliament and people in this chamber, the green chamber of the commons. Although it may look a bit strange to your parliamentary eye by reason of its expanse and its comfortable armchairs and desks as contrasted with the narrow benches of your own house, the Speaker's chair, which is an exact replica of the one in Westminster whence it came as a gift of your parliament, should fill you with that familiar sense of uncertain security which this ancient seat has symbolized for generations of house leaders.

You will agree, I believe, that in spirit we are a true House of Commons in which responsible government is carried on in the British tradition, with only such variations as were needed in a federal union of two races and many regions. As you have remarked, these parliamentary institutions and practices have taken root in all the self-governing nations of the commonwealth, and bind us together with an understanding of each other's politics which is certainly a

broader if not a stronger bond of union than those of language and race. So it has been in your travels about the commonwealth; you have been welcomed with pleasure and understanding by fellow parliamentarians, Asian, British and French, all speaking the same language of the standing orders and rules of procedure.

You have been welcomed, of course, for your own sake; for your friendly charm and your great personal attainments and, as our Prime Minister has mentioned, in this case for the presence of your charming wife. But this commonwealth welcome is deeper. It recognizes in you as the Prime Minister of the original parliament a personification of the ancient source from which we have all drawn and to which we still look for living example and inspiration, and through which we communicate one with the other.

Knowing your heavy responsibilities, although you do your best to conceal them, we are the more grateful that you have found time to speak to us today. We thank you for your message and your greetings. We ask you to accept our heartfelt good wishes and to carry them with you to your own House of Commons and people.

HOUSE OF COMMONS

Monday, June 16, 1958

The house met at 2.30 p.m.

THE BUDGET

TABLING OF BUDGET PAPERS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have tabled the budget papers in connection with the budget which I hope to present tomorrow evening. In keeping with past practice and for the convenience of the house and that of subscribers to *Hansard*, may I move that the budget papers be published as an appendix to today's *Votes and Proceedings* and as an appendix to tomorrow's *Hansard*.

Mr. Speaker: Is it the pleasure of the house to agree to this proposal?

Some hon. Members: Agreed.

Motion agreed to.

POWER

NEW BRUNSWICK-NOVA SCOTIA—TABLING OF ANNUAL REPORT AND AGREEMENTS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): As this is the first occasion that I have to table the report under the Atlantic Provinces Power Development Act I think I should mention it in the house, because there have been a number of questions asking when this report would be available. I am now tabling the report along with two agreements signed with the provinces of Nova Scotia and New Brunswick. These agreements are attached to the annual report now tabled.

SAINT JOHN, N.B.—REPORTED STATEMENT RESPECTING THERMAL PLANT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. In view of the fact that the power agreements with New Brunswick and Nova Scotia have now been tabled, would the minister comment on the statement made in Fredericton on June 11, and reported by the Canadian Press on June 12, by the chairman of the New Brunswick Electric Power Commission, which reads as follows:

No agreement has yet been completed with the federal government with regard to the Saint John thermal plant. The agreement is still under study and being prepared.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I shall have to ask the hon. member to send me a copy of the statement and I will make a comment on it later.

EXTERNAL AFFAIRS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. H. O. White (Middlesex East) moved that the first report of the standing committee on external affairs, presented to the house on June 12, 1958, be now concurred in.

Motion agreed to.

INCOME TAX

AGREEMENT BETWEEN CANADA AND BELGIUM FOR THE AVOIDANCE OF DOUBLE TAXATION

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

Some hon. Members: Explain.

Mr. Fleming (Eglinton): This bill follows the form which has become quite customary in recent years, and confirms an agreement recently reached with Belgium for the avoidance of double taxation with respect to income tax. The agreement follows the form which has been used with respect to a number of countries.

Motion agreed to and bill read the first time.

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

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

He said: The explanation of this agreement and bill is the same as I gave with respect to the previous bill. The first agreement applied

to Belgium. This second agreement applies to the Belgian Congo and to one other Belgian territory.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

"CANADIAN ECONOMIC OUTLOOK FOR 1958"

Motion No. 6—**Mr. Pickersgill:**

For a copy of "The Canadian Economic Outlook for 1958" as prepared by the Department of Trade and Commerce.

Some hon. Members: Stand.

Mr. Chevrier: The hon. member for Bonavista-Twillingate proceeds with the motion.

Mr. Green: Could we ask that this stand?

Mr. Pickersgill: This has been stood for some time. Could the leader of the house indicate when he expects to proceed with it.

Mr. Green: We hope to be able to go ahead with it on the next occasion when it comes up in the house.

Motion stands.

HEALTH INSURANCE—ONTARIO AGREEMENT

Motion No. 13—**Mr. Martin (Essex East):**

For a copy of the agreement signed by the federal government and the province of Ontario in the matter of the Hospital Insurance and Diagnostic Services Act on February 25, 1958.

Motion agreed to.

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT ON DISCUSSIONS WITH PRIME MINISTER OF UNITED KINGDOM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he is in a position to report to the house on the conferences which he and members of his government had with the Prime Minister of the United Kingdom last week.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I hope to be able to do that tomorrow. There are some details that have to be filled in before a full report can be made. I could give a general report at the moment, but I feel if the question were left for a day or so I would be in a position to give a rather more ample report than I could give at this time.

Mr. Pearson: Mr. Speaker, related to these conferences may I ask the Prime Minister if he will comment on the accuracy of press reports to the effect that during the United Kingdom Prime Minister's visit our Prime Minister intervened to prevent a Canadian Broadcasting Corporation commentator from asking Prime Minister Macmillan a question about the United Kingdom free trade offer?

Mr. Diefenbaker: Mr. Speaker, I would be very happy to do that. As a matter of fact what actually took place was this. Following a press conference at which matters were very fully discussed there was a meeting between the Prime Minister and myself. We discussed various matters, it being understood that thereafter there would be a joint conference before the C.B.C. When we came out we met with the Canadian Broadcasting Corporation representatives and just before the interview commenced the Prime Minister asked what the questions were. As I recall it the first question on the list of two was as to whether or not the representations or the so-called proposal advanced last September regarding free trade with the United Kingdom would be on the agenda of the trade conference this fall. I said, "No, no," and then that terminated it as far as I was concerned. Naturally, thereafter I was surprised to find the comment that was made respecting what took place. In point of fact a mountain was made out of a molehill.

I can only say in so far as this government is concerned at no time has there ever been, directly or indirectly, any interference with the Canadian Broadcasting Corporation; and the nature of the observations made from time to time by commentators regarding this government and its undertakings since it came into power would be an effective answer to anyone who would suggest the contrary. In other words, there has not been and will not be any interference of this kind on the part of this government, either directly or indirectly, and there was no suggestion of that in any way the other day nor will there be at any other time. After all, while we may disagree with what is said about us, and while criticism of those in public life is sometimes not factual, the essence of democracy is the preservation of the right to make such criticism.

In so far as this question is concerned, I can only say that there was nothing whatsoever to justify the conclusions that were arrived at in various quarters. There is nothing to conceal about the offer. Questions concerning this matter had been fully asked at the press conference, and my information is that last evening full and complete discussions took place by the Prime Minister of the United Kingdom regarding this offer or proposal, so-called.

No attempt in any way was made to interfere nor will there ever be, which is something

different from what happened when the last government was in power.

Mr. Pearson: Mr. Speaker, arising out of the Prime Minister's answer, am I to understand that the statement attributed to him, not by one but by a number of reputable newspaper correspondents, "No, no, you cannot ask that question", then had nothing whatever to do with the question that Mr. Macmillan might have been asked by the C.B.C. reporter regarding free trade?

Mr. Diefenbaker: I have nothing really to add to what I have already said. Any question that arose was in consequence of his request as to the nature of the questions that were to be asked. In other words, he wanted to know in advance. As far as any other matter is concerned, I can only say this: that there is no ground for any lamentation over this as being an invasion in any way of the right of the C.B.C. to express its views, or of anyone to express his or her views regardless of whether it is critical of the government or not, as is apparent to every person in this country since this government came into power.

CYPRUS—INQUIRY AS TO STATUS IN NATO PERMANENT COUNCIL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Arising out of the gravity of the situation which now unhappily prevails on Cyprus, may I ask the Secretary of State for External Affairs whether the permanent council of the North Atlantic Treaty Organization is seized of this urgent matter?

Hon. Sidney E. Smith (Secretary of State for External Affairs): In reply to that question, my answer is yes.

FRUIT

BRITISH COLUMBIA—REPRESENTATION RESPECTING PRICE SUPPORT STABILIZATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Agriculture. I sincerely hope it will not be an exercise in "futilitarianism". In view of the very great anxiety with which the members of the British Columbia fruit growers' association anticipate the outcome of their application to the agricultural stabilization board for price support for the 1957 crop of apples, apricots, crab apples, peaches and prunes, can the minister inform the house when a decision with respect to this application can be expected?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, this question by the hon. member is an exercise in expectation. However, I can tell him this. We have had two officials in British Columbia during the past week looking into this matter of the fruit situation as it was, and the returns received in British Columbia for their 1957 fruit crop year. I might say also that only this morning did we receive from the British Columbia fruit association a report on what their operations have been; therefore we have not as yet, as can readily be seen, had any time whatever to give consideration to the matter.

NORTHERN AFFAIRS

BRITISH COLUMBIA AND SASKATCHEWAN—REPORTED AGREEMENT ON FINANCING OF ACCESS ROADS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to address a question to the Minister of Northern Affairs and National Resources. Will the minister explain to the house the basis of his information, given to the committee on mines, forests and waters last week, as reported in the Vancouver *Province* on June 11 to the effect, and I quote:

> The federal government has reached complete agreement in substance with British Columbia and Saskatchewan on joint financing of access roads to new resources.

I ask this question, sir, because a day later, as reported in the Vancouver *Province* of June 12, the premier of British Columbia is reported to have said, and I quote:

> —that the minister's statement was mere propaganda, news to him, and that the provincial government was still awaiting details.

Mr. Speaker: Do I understand that the hon. member is asking a question about what the minister said in a committee of the house?

Mr. Winch: No, sir. I am asking for information concerning the report in the press and the denial made by the premier of British Columbia.

Mr. Speaker: I understand the hon. member is asking a question about a statement made before the committee on mines, forests and waters.

Mr. Winch: It is based on the statement made by the minister as reported in the Vancouver *Province* of June 11, which statement has been denied by the premier of British Columbia.

Mr. Speaker: If the basis of the report is a statement made in the committee it seems to

me it is not proper for the house to inquire into what is going on in the committee before it has reported.

Mr. Winch: Is it not completely in order, sir, for a member to ask a question based on a report in a newspaper? I gave the name of the newspaper, the Vancouver *Province* of June 11, which contains the report of the statement made by the minister, and that statement was denied a day later by the premier of British Columbia, as appears in the Vancouver *Province* of June 12. Is that not a matter of urgency justifying a question on the orders of the day in order to get an explanation?

Mr. Speaker: Well, I do not know whether—

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I can simplify the matter very easily by saying that for at least a year operations on the roads have been under way. I think that is the import of the statement I made, that we are in agreement on the substance of the matter.

Mr. Winch: Can the minister inform the house whether the statement made by the premier of British Columbia to the effect there is no such agreement is incorrect?

Mr. Hamilton (Qu'Appelle): There is no agreement signed but there is agreement in substance between the two governments. That is evidenced by the fact that work on the roads has been proceeding for a year.

FINANCE

WOOL FABRICS—INQUIRY AS TO ACTION BASED ON TARIFF BOARD REPORT

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Minister of Finance. First, has the government completed its study of the recommendations made by the tariff board relative to the wool fabrics industry? Second, if such study has been completed, what action does the government propose to take concerning this matter?

Mr. Speaker: I think the hon. member's question is one that he might keep until Wednesday, because it seems to me that it relates to budget matters.

Mr. Boulanger: I understand that the Minister of Finance said recently that he was going to make a statement on the tariff on wool fabrics. That is why I wanted to ask whether he had any information.

Mr. Speaker: Of course if the Minister of Finance does not regard this matter as being associated with the budget there is no reason why the house should do so, but it seems to me that the question does involve a subject matter of the budget announced to be introduced on Tuesday.

Mr. Chevrier: I understand that the minister is going to reply to the question.

Hon. Donald M. Fleming (Minister of Finance): No, the minister has no intention at this stage of the session of replying to questions that are not proper.

Mr. Chevrier: I object to that kind of interpretation by the Minister of Finance. I do not think it is up to the minister to determine whether or not a question is proper. I think that is for the Speaker to determine. If I may, sir—

Some hon. Members: Order.

Mr. Chevrier: —I submit respectfully that the minister has not said that this matter is associated with the discussion of the budget, and for that reason the question should perhaps be allowed.

Mr. Speaker: If the hon. member wants to address himself to the question of the propriety of asking about this matter at this time I will hear him, because I have not finally ruled the question out of order.

Mr. McIlraith: Mr. Speaker, I wonder if I might be heard briefly on the point of order. As I recall the matter, when the Minister of Finance tabled the tariff board report on wool fabrics he said he was going to make a study of the report. The reference has been turned up for me. As found at page 854 of *Hansard* of June 5, the minister said:

> I should like to assure the house, Mr. Speaker, that the foregoing recommendations made by the tariff board will be very carefully studied by the government.

Then there was some further discussion. If I heard the first part of the question correctly the hon. member asked if the minister had completed such study. Surely that part of the question is in order, because it is a question of fact. As to the other part, there may be some question whether or not it involves the budget.

Mr. Speaker: I think the hon. member for Ottawa West is correct. The first part of the question is unobjectionable, but the part which asks what action is to be taken I would consider to be a budget matter.

Mr. Fleming (Eglinton): I have nothing to add to what I said in the house on the occasion to which reference was made.

AGRICULTURE

SOYBEANS—APPLICATION OF PRICE STABILIZATION

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask the Minister of Agriculture if his attention has been directed to a statement made to the soybean growers by the chairman of the agricultural prices stabilization board as to the way in which the floor price for soybeans is intended to operate. If the minister has not seen that statement, would he be prepared to look at it and advise the house as to whether or not that is a correct statement of the application of this floor price policy?

Hon. D. S. Harkness (Minister of Agriculture): Not only have I not seen the statement, I have not heard of it to date. I shall be glad to look into the matter.

IMMIGRATION

STATEMENT ON REPORTED DENIAL OF ENTRY TO CANADA OF DUTCH FAMILY

On the orders of the day:

Mr. R. J. McCleave (Halifax): I should like to direct a question to the Minister of Citizenship and Immigration. Has she anything further to report on the Dutch family and its troubles in Halifax?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I am glad to report to the house, to the hon. member for Halifax and the hon. member for Bonavista-Twillingate, who also brought the matter up the other day, that the family is now on its way to the west coast. In fact, at the moment I think they are travelling across northern Ontario. I should like to mention at this time that we are indebted to the press for their co-operation in this regard.

DOMINION-PROVINCIAL RELATIONS

SASKATCHEWAN—INQUIRY AS TO SHARING OF TAX REVENUES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister if he is now in a position to table the letter to the premier of Saskatchewan and any reply there may be to it, to which I referred the other day?

Right Hon. J. G. Diefenbaker (Prime Minister): Yes, sir, I will see that that is done at once.

NATIONAL DEFENCE

STATEMENT ON REPORTED U.K. USE OF U.S. ATOMIC WEAPONS

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): On Friday the Leader of the Opposition asked a question arising out of a report from Washington to the effect that an arrangement had been made between the United States and the United Kingdom governments by which the United Kingdom forces may now use atomic weapons made in the United States. His question was:

> Are there any such arrangements covering Canadian forces?

The answer is in the negative.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

TOLLS CHARGED ON ST. LAWRENCE SEAWAY

Mr. W. H. McMillan (Welland): I thought at this particular time I should like to bring up a matter that is vital to the economy of Canada, namely the proposed tolls on the St. Lawrence seaway and the Welland ship canal. Not since the early 1900's has any toll been charged on any canals or locks from lake Erie to the sea—

Mr. Speaker: I am sorry to interrupt the hon. member, but may I ask the members if they will kindly settle themselves and moderate their conversations so the hon. member can be heard.

Mr. McMillan: I was going on, Mr. Speaker, to say that not since early in the 1900's have any tolls been charged on any canals or locks between lake Erie and the sea.

According to the statement which the Minister of Transport made in this house not long ago, the proposed tolls are to be announced around July 1 and at that time shipping and other interests would have an opportunity to make representations in connection therewith. According to reports emanating from Washington, and more recently from Ottawa, it is estimated that the average tonnage passing through the St. Lawrence seaway over the first four or five years will be in the neighbourhood of 41.5 million tons each year; and Mr. Reese Harill, the chairman of the United States tolls committee, has made a statement as follows:

> We will not be too far off from the target of $1.25 per ton for general cargo and 50 cents per ton for bulk.

I have also seen statements from Washington indicating that observers in that city

believed that the toll charges would be greater than these amounts and I was wondering if the Canadian members of the toll committee thought they could go along with the toll of $1.25 and 50 cents, in view of this feeling in Washington. I would like to know from the minister if the Canadian members were insisting on these last mentioned rates.

The locks on the Welland canal conform in size with those presently being constructed on the St. Lawrence seaway, and the only work being done on the Welland canal is the deepening of the sailing levels at a cost of something under $30 million. As members of parliament we should be interested in the costs of vessel operation in so far as they relate to the cost of moving cargo. We should consider what effect this cost may have on industry generally, on agriculture and commerce. We should be interested in the shipping industry because of the thousands of men who are engaged as seamen and because of the shipbuilders and suppliers, in the same way that we should be interested in the welfare of Canada generally.

I have often read that 40 per cent of our workmen depend for their livelihood upon our foreign trade, and I believe that if we are to have a continuing prosperity in this country we must have an expanding trade. The St. Lawrence river and the great lakes basin, which extends to the very heart of our continent, a distance of 2,900 miles from the sea, are Canada's greatest single outlet to the markets of Europe, the western coast of the United States and South America. Much of the trade between Canada and the United States goes across this route. The water transportation in this area is called the most economical transportation system in the world and, because of its economy, it has helped to build up our country. It has helped our farmers to market their wheat in highly competitive markets, even though that wheat is grown thousands of miles from the seaports. It has also helped our industry to assemble raw materials, to manufacture products and to enter competitive markets. Today this water transportation system is becoming even more important to the economy of Canada because of the prospective shipping of large tonnages of iron ore from Quebec and Labrador to steel centres along the great lakes in both Canada and the United States.

I read over the bill authorizing the setting up of the St. Lawrence seaway authority to charge tolls. Those tolls charges are to cover the operation of the canals plus the amortization charges, which are to be retired in 50 years. The bill received the support of all parties in this house when it was passed in 1951. There was no division on any reading of the bill, and the only opposition I could find in reading over the debates was that this St. Lawrence seaway was being built as window dressing for the Ontario hydro-electric power commission, which at that time particularly needed power.

In order to meet United States legislative requirements the tolls must pay off the United States' contribution of $140 million which, because of higher cost of construction, is today around $165 million. We must pay this amount off in 50 years as well as operate the canal itself. If the same applies to the Canadian contribution, something in the nature of $30 million per year will be required to be raised by means of tolls. It will be well, therefore, to examine the volume of trade now making use of the canals and the increased tonnages of iron ore likely to move up through those canals from Quebec and Labrador to the Canadian and United States steel centres.

First of all, in the year 1956, which is the last year for which figures are available, traffic through the Welland canal amounted to 23.1 million tons and that through the St. Lawrence canals to 13.5 million tons. In that year Canadian coastal shipping accounted for one-third of the traffic through the Welland canal and one-half of the traffic through the St. Lawrence canals, while United States coastal shipping accounted for only 6 per cent of the traffic through the Welland canal and less than one-half of one per cent of the traffic through the St. Lawrence canals. Most of the international trade is made up of imports of soft coal to lake Ontario ports and to Montreal, petroleum and other oils and paper, and last year 2.8 million tons of iron ore from Seven Islands were shipped to the United States steel industry.

Direct overseas shipping is increasing, but last year it accounted for only about 6 per cent of the tonnage going through the St. Lawrence river. It is difficult to arrive at a figure, but it would seem that Canada makes use of about 90 per cent of these lower canals and that the United States makes use of something less than 10 per cent. It is therefore only reasonable that tolls should be set to encourage United States shipping and to at least ensure that our tonnages of iron ore will pass through these lower canals—that is to say, the St. Lawrence and Welland canals—to help us pay for the cost of operating them plus the amortization charges.

I said earlier that the Welland canal was being deepened at a cost of something under $30 million and that the tonnages going through amounted to 23.1 million tons in

1956. It is therefore easy to see that the cost of the current deepening of that canal could be retired over a period of 50 years by a charge of just a few cents per ton. It would appear to me to be unreasonable and unfair to charge the Welland canal with more than this $30 million figure because you would then, for example, be charging the importers in Toronto or in Hamilton—and they make a great deal of use of the canal—tolls in excess of what they should pay.

If this were done it would be asking them to pay some of the cost of the St. Lawrence seaway although they would not be making any use of the seaway. After all, tonnage moving through the Welland canal is about twice that moving through the lower canal, the St. Lawrence seaway. For this reason I have always thought it wrong to include the Welland canal as part of the St. Lawrence seaway, because nearly half the tonnage through the Welland canal never reaches the St. Lawrence river.

There are certain basic concepts which our government should keep in mind before reaching an agreement with the United States on the amount of tolls to be charged. First, it should be remembered that lake Ontario and the Welland canal are the sites of the major part of Ontario industry making use of water shipping. Lake Ontario will be the only lake of all the great lakes that will be toll-locked, requiring tolls at both ends before ships are allowed either to enter or leave.

The shores of lake Ontario are the source of little raw material for industry. Therefore most of our Ontario industry bringing in raw material by boat for processing will have to pay a toll charge on it, no matter what the source. This is not true of most of the competitive American plants. The Steel Company of Canada Limited at Hamilton, for example, would be required to bring in three and a half tons of raw material through a toll area to make one ton of steel, while steel companies at Buffalo and Cleveland would have no tolls to pay on any of their raw materials.

Second, it should also be borne in mind that the St. Lawrence seaway is not such a major factor in the economy of the United States. If the tolls on the seaway are too high the United States has alternative water and other routes to carry its heavy commerce, while Canada, because of its geography has not.

Certainly the United States makes comparatively little use of the canals at the present time. In the Chicago area and the American mid-west much of their commerce goes down the Mississippi, while the eastern railways in the United States can deliver Quebec and Labrador ore to such American steel centres in central and southern Ohio from special docks at Baltimore cheaper than by ship through the St. Lawrence seaway even at the present time. If we are not successful in collecting tolls on a very large part of our own iron ore from Labrador and Quebec destined for American mills, then the toll charges on our own shipping will be increased. If we had double the shipping we would have half the toll charge.

The eastern railways always opposed the St. Lawrence seaway construction, and it is only natural for them to lobby to get the tolls as high as possible to increase their own business in the movement of this ore. The United States government spent $150 million for construction of a canal at Baltimore. I understand that six ships having a capacity of 40,000 to 60,000 tons each are now being constructed to carry this Canadian ore to Baltimore, while only two new 25,000 ton ships are being made ready to transport ore through the seaway, and I also know that some canal boats now operating through the Welland canal will be able to operate through the St. Lawrence canal and carry this iron ore.

The higher the tolls the more the United States shipping and our own ore will be diverted to other routes, and the more our Canadian shipping will be left holding the bag. I saw a statement not long ago, originating in Washington, which suggested there should be a maximum charge over the first four or five years to pay all charges, after which these charges might be lowered as the tonnage increased. I hope that such a high toll will not be set in the early years of transition from small canallers to large carriers, because it will take a few years to replace the smaller boats, and consequently shipping charges per ton in the earlier period of use will remain high. Mr. Harrill, chairman of the United States toll committee, said the job of the joint committee is to reconcile the United States legislative necessity of paying off the cost of the seaway in 50 years with having tolls low enough to attract traffic.

Surely this statement allows our members on the joint committee to bargain for low toll charges until maximum tonnages have been established. The United States government did the deepening and the building of two locks in the international part of the St. Lawrence river. This comprises rather a small share of the total cost of St. Lawrence seaway project, the rest of it being in the province of Quebec, and the Welland canal lying wholly within Canadian territory in the Niagara district.

I do not like the lever that the smaller expenditure of $140 million seems to give the

United States over the tolls, because almost every dispatch from Washington seems to emphasize their legislative monetary requirements for the next 50 years. There are reports of many pressure groups in the United States wanting the tolls as high as possible in order to gain tonnages for their own transport systems.

I agree that there should be a joint tolls committee to deal with the international part of the seaway, and to correlate it with the other major part which is wholly within Canada. However, I cannot help but resent a foreign power being given any direction or say over the operation of any canals within our own country. To me it is akin to surrendering some part of our sovereignty by giving them some direct voice in our economy for the next 50 years; and this over the years, could lead to ill-will and distrust among the peoples of two friendly nations.

Hon. members will all recall the difficulty in getting the seaway and power project underway. The Ontario government was badly in need of more power; and while public opinion in Canada would have supported Canada doing the whole project alone, it could not be done without the acquiescence of the United States as it involved flooding some of that country's sovereign land. The principle of tolls was accepted, but our government reserved the right to build her own two locks at Cornwall and then have an all-Canadian waterway.

It is interesting to note that the shipping tonnage through Sault Ste. Marie canals is nearly five times the tonnage through the Welland canal and over eight times that through the St. Lawrence canals; and that the United States coastal shipping is over eight times that of the Canadian through those canals.

The United States government is deepening the channel from the Detroit river up to lake Superior at very high cost—a cost comparable to that of the St. Lawrence seaway itself—and this waterway is to be toll free. It so happens that where United States tonnage is heavy on the whole waterway the tolls are free, and where our tonnage is heavier tolls are to be levied. I am not an economist, but I would expect this will produce an unbalanced economy to Canada's disadvantage in our great lakes system.

Thus far I have assumed that the Canadian government has decided on tolls. I am personally against tolls, particularly on the Welland canal, but in saying this I know I am in the minority in this house. There are so many implications in connection with the imposition of tolls that I proposed that the Canadian government should have an economic survey made before tolls are applied. I thought such a survey might come up with findings on the impact tolls might have on our economy and provide a better answer than a tolls committee, which would have little time for such a survey and which might be primarily interested in seeing what the traffic could bear.

Many plants have settled in the Toronto and Hamilton area and along the Welland canal. They established in those areas never expecting tolls, and their operations are geared to a toll free economy. I will take the paper industry for example. We have several paper mills in the Niagara district, and much of their pulpwood comes from the province of Quebec. The enlarged and deepened canal cannot help but result in their having to pay large sums of money for tolls without adding in any way to the economy of their operations. They must still continue to use small draught canal boats to gather up their pulpwood at the mouth of rivers of streams down which the pulpwood has been floated. The pulpwood is waterlogged and heavy, and no doubt they would be expected to pay tolls on the weight of wood containing nearly 50 per cent water.

A cord of wet wood weighs 5,000 pounds, and assuming a toll of 50 cents for bulk cargo this would mean paying a toll of $1.17 per cord, without taking into consideration the fact that in most cases a toll would be charged the ship when light on the return journey. Loads both ways cannot be carried by most ships, as the downbound or downstream tonnage is three and one half times the volume of the upbound or upstream tonnage.

I should like to go into some detail in connection with the Ontario Paper Company at Thorold. This company has 1,200 employees and an annual payroll of $8 million. They have wood preparing plants and research facilities in Ontario. In addition the company owns a plant at Baie Comeau in Quebec on the north shore of the St. Lawrence river where it has its own power and wood preparing plants. The company also owns a fleet of 11 ships engaged in transporting not only its own products but general commerce as well. Altogether this company has 7,910 permanent and seasonal employees, with a total annual payroll of $25,700,000. Its total production amounts to over $60 million, of which $58 million was exported to the United States; and this is equivalent to 2.3 per cent of Canada's total exports to that country.

The Ontario Paper Company has always treated labour most fairly. I think this company's contribution and that of its top

executives is a fine example of responsible Canadian industry. The company presented a brief to the tolls committee of the St. Lawrence seaway authority not long ago, and I wish to quote part of that brief, as follows:

> The locational advantage of proximity to its power source is now being threatened if the Ontario hydro-electric power commission carries out its policy of applying power rates on a system-wide basis rather than based on cost of transmission of power from close sources. If, in addition, a burden of $800,000 per year for tolls upon its traffic is superimposed upon it, it could be the means of forcing the location into an untenable position, thus forcing consideration of either abandonment or relocating its manufacturing equipment to a location where we have our own power facilities and avoiding the burden of tolls.

Based on press reports from Washington and Ottawa concerning tolls, the company is now of the opinion that the tolls could result in an additional expenditure of more than $1 million a year on their part. If the Ontario Paper Company finds it necessary to relocate because of these extra burdens—that is, their higher cost of power and the proposed seaway tolls—it will be a tremendous loss to the Niagara district and to the province of Ontario. I cannot think that this government or any tolls committee would want to see this happen. The building of the waterway will not in any way add to the economy of this company's operations.

I am of the opinion that the Welland canal should not be put in the same category as the St. Lawrence seaway. We should all strive for a closer-knit economy in Canada. Last year when the Minister of Transport was in Hamilton he was reported in the press as having assured the people there that they would be able to purchase coal shipped from Nova Scotia. If high toll charges are placed on the St. Lawrence seaway it will be difficult for Nova Scotia coal to compete with United States coal in the cities of Hamilton and Toronto.

There is one other important point. I have often heard reports to the effect that the operation of the canals is to be under a joint committee of Canada and the United States. The canals have been very well operated under the Department of Transport, and I would like to see their operation continue on this basis and not placed under any other supervision.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, representing as I do a riding that does not actually border the Welland canal but is in close proximity to it, I feel duty bound to say a word on this important question. Before doing so I wish to congratulate the hon. member for Welland on his very fine presentation of the question, and to state categorically that I am in full and complete agreement with what he said.

In my opinion the question of tolls for the Welland canal is one of the most important questions facing not only the people of the Niagara district but the people of Canada. It is one that must be answered by the government of Canada in the very near future. Without doubt there will be a lot of public opinion both pro and con on this important subject. If tolls are imposed on the Welland canal they will work a hardship on industry, and especially those long-established industries which have done so much in the past to protect our national economy and to preserve our independence and freedom. These industries will indeed be placed at an economic disadvantage.

Tolls are imposed only for the use of facilities constructed for special purposes, such as locks built in various places for the floating of logs on isolated inland streams. I admit this is more true in the United States than in Canada, but I feel that tolls should not be charged for the use of improvements in Canada that are generally available for navigation and commerce. Some stretches of the connecting channels between the great lakes in both the United States and Canada have been improved by our engineers, and this has been going on for over 50 years without any suggestion of tolls. Over the years it has been absolutely shown that the canal free of tolls is a stimulus to commerce and generates new business for forms of transportation other than those directly using the canal. Herbert Hoover once said:

> New waterways are not competitive but complementary to our great and efficient railways. It is the history of transportation that an increase of facilities and a cheapening of transportation increases the volume of traffic.

One must agree that ultimately tolls are always paid by the consumer, whether he knows it or not. They are included in the cost of transportation and eventually wind up in the price charged for the product. In the case of our basic materials the added cost of transportation through tolls increases in proportion to the number of processes through which the material passes before it finally goes off the dealer's shelves. It is thus cheaper, to say nothing of less painful, for all of us to pay for waterway improvements just once through taxes rather than repeatedly through the higher prices which would result from tolls on the Welland canal.

We must never forget that our improved canal, free of tolls, will play an important role in the defence of our nation. Opening up the great lakes by means of the St. Lawrence seaway and the Welland canal

means opening up ship-building facilities around the lakes for the construction of sea-going vessels in time of emergency. It also means a safe lane a thousand miles long for the shipment of war materials, thus shortening the hazardous voyage across the Atlantic by nearly one-third.

Surely no one will argue that you should expect tolls to pay for this defence measure. It requires no stretch of the imagination to picture the hullabaloo that would be raised if tolls were proposed, say for instance, in New York harbour. Surely one must have his tongue in his cheek if he goes out and actually campaigns for tools on the Welland canal. To me they certainly are vulnerable, and I hope it will not start a landslide which will clog our canal and spill over into avenues of commerce which have contributed so much to the growth and economic welfare of our nation.

To my way of thinking those fighting for high tolls overlook two important facts. The first is the expansion in foreign trade which the canal will generate, and the other is the tremendous growth of population not only in our own province and dominion but in the United States as well.

I understand, Mr. Speaker, from engineers who have made an estimate of the Welland canal and the St. Lawrence seaway that the traffic to be expected through the Welland canal and the St. Lawrence seaway would be somewhere in the vicinity of 35 million to 37 million tons. Other engineers and business-men tell us that the estimate for 1965 would be well over 52 million tons. Perhaps the more pessimistic observers and engineers say that it will increase to only 40 million tons.

I contend that it is not possible to charge a toll in the Niagara district without causing drastic harm to the economy of our nation. One cannot help but submit that the St. Lawrence seaway is faced with a dilemma, and certainly the only solution is a low toll which will not be injurious to industry but will be helpful to industry in the Niagara district.

I realize that the St. Lawrence Seaway Authority Act provides that if tolls are imposed they may be charged in two ways; either by a toll system set up by the St. Lawrence seaway authority alone for the Canadian section of the canal, or by a joint toll system set up by the St. Lawrence seaway authority together with the American seaway development corporation, which the Minister of Transport tells us will be meeting about July 1. Naturally their findings would have to be approved by the governments of Canada and the United States, and would constitute an international agreement binding upon both countries.

Many organizations, chambers of commerce, the Hamilton council and the Toronto council and various councils in the Niagara district have at times recommended to the Minister of Transport that the Welland canal be maintained as a toll free system. I submit, Mr. Speaker, that any toll system reduces the potential of the Welland canal to provide maximum benefits not only for all the people of the Niagara district but of Canada as well. The collection of even a minimum toll would work hardship in many cases, and affect the ability of industry and agriculture to expand.

Back in 1934, Mr. Speaker, there was a full debate in this house on the motion that all goods shipped through canals owned and operated by the government of Canada be subject to taxation. In speaking against this motion Hon. R. J. Manion, at that time minister of railways and canals, stated in part:

> In regard to the Panama, Suez and Manchester canals, it is true that they collect tolls. We must realize, however, that the conditions under which these canals are operated are altogether different from those existing in connection with Canadian canals. The Manchester canal is a private commercial enterprise, whereas in Canada our canals are national. Then the Suez canal is operated by a privately owned company. True, the Panama canal is publicly owned and operated, but we must remember this important point; the difference between the Suez, the Panama and our Canadian canals is that no vessel-owner is forced to use either the Suez or the Panama.
>
> On the other hand, in Canada we have no alternative water route from the western grain fields, unless one wishes to use the railways from the head of the lakes. As has already been pointed out, however, the railroad would be so much higher that it would not be possible in the marketing of grain. It is important that we should have the lowest possible rates in order that we may compete with countries whose grain fields are closer to the seaboards than are the fields of Canada.

To me, Mr. Speaker, those words are as true today as they were in 1934, and perhaps more so, and I think today they even assume a broader aspect since this nation is more truly a trading nation, with its prosperity depending in large measure upon sound competitive business in our world trade.

Let me say this, Mr. Speaker. When the United States agreed to join with Canada in the construction of the St. Lawrence seaway they did so only on the understanding that tolls were to be collected to cover the cost of construction, maintenance and operation of what Washington certainly regarded as the seaway proper, that is the section of the St. Lawrence river lying between Iroquois, Ontario and Montreal. I do not believe there was ever in Washington's mind any idea that

the heretofore toll free Welland ship canal, completed in 1932 at a cost of well over $130 million, would be included in the St. Lawrence seaway for toll purposes. I certainly hope that Washington is still under that impression, and that it is their disposition that the matter of tolls on the existing Welland ship canal is one for Canada alone to decide.

I believe they gained this attitude owing partly to the fact that the Welland ship canal has always been under the control of the Minister of Transport. I can only repeat with emphasis that it should remain under the control of the Minister of Transport rather than the St. Lawrence seaway authority. The Toronto board of trade, the Hamilton chamber of commerce, and several other bodies representing the whole public community are very anxious that no change be made in the present set-up. I agree with them just as strongly as possible that the Welland ship canal should stay under the control of the Minister of Transport, and should continue to be toll free.

We cannot forget that the Canadian and United States users of the Welland ship canal started their shipping through that canal on a toll free basis nearly a quarter of a century before a start was made on the present St. Lawrence seaway. Certainly the present users of the Welland ship canal did not ask that it be deepened to 27 feet to conform to the seaway standard. They have been and are still quite content with the existing 25-foot depth. They have all built their ships to conform to this depth. It is hard to conceive, at least in my estimation, why they should now be expected to bear the cost of a deeper channel for which they did not ask and which will not be of any service to them.

I cannot help but wonder whether Windsor and Detroit would like to pay tolls on iron ore, limestone, scrap and other cargoes which move through the Sault canal and the St. Clair and St. Marys rivers. One only has to think how much worse off Toronto, Hamilton, Welland and the Niagara district generally would be and, indeed, our neighbouring and satellite communities, in the event of tolls on the Sault canal, tolls on the three connecting rivers and tolls on the Welland ship canal. You can well appreciate why we in the Niagara-Toronto area are so exercised about the evil potentialities, not only for ourselves who reside in the district but for all those in Ontario who will be so seriously affected by such a move.

Certainly cargo tolls on the Sault canal and the Detroit, St. Clair and St. Marys rivers would constitute double jeopardy for those Canadian industries, including the prairie wheat grower, forced to use those facilities as well as the Welland ship canal. In my estimation the only way we can avoid the numerous troubles that seem to be ahead of us is for Ottawa to understand fully the many and serious implications of imposing tolls on cargoes passing through the Welland ship canal.

May I sum up by saying first, Mr. Speaker, that to establish tolls on the Welland ship canal would create a dangerous precedent which would hamper the future development of the great lakes area and place undue restrictions on Canada's economic growth. Second, tolls would divert trade from the water route, resulting in removing the stabilizing influence of water transport on other forms of transportation. Above everything else, Mr. Speaker, we should not lose sight of the point that any agreement with the United States pertaining to tolls would take control of the canal out of Canadian hands, as it would be subject to joint control.

Many of our existing industries have invested huge sums of money in the region of the Welland canal based upon free water transportation, and certainly this investment would be confiscated by oppressive tolls. I think we here in Canada should take the stand, and it should be a firm one indeed, that the purpose of the seaway is to attract industries, not to destroy them or drive them away. Our country can advance in wealth and power at a wonderful rate but it would be tragic indeed if this generation, possessing economic resources never before equalled, were to have such tolls imposed upon them.

May I make this statement, and I make it with no feeling of ill will whatsoever toward the United States. I say that the United States is looking after the interests of the United States and not those of Canada. I say they realize that if we suddenly start charging tolls on the Welland ship canal certainly United States cities such as Baltimore, Maryland, and others will get the business rather than Toronto, Hamilton, Windsor or the Niagara area, because freight would naturally move by an alternative all-American route. It is all right to argue that tolls are charged on the Panama and Suez canals, but we cannot lose sight of the fact that ships actually make money by paying these tolls.

I think, Mr. Speaker, that as members of the House of Commons we should stand squarely on our own feet with regard to the toll question, because we need the western and the great lakes business. It is my sincere hope that the Minister of Transport will be able to bring a favourable reply to the house indicating that tolls will not

be charged on the Welland canal. We are looking to him to that end. I say with emphasis, Mr. Speaker, that to charge tolls on the Welland ship canal would be a step backward so far as the future of this country is concerned.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I have listened with keen interest to the two speeches just made by the hon. members for Welland and Niagara Falls. Both have indicated clearly that while they are in favour of the principle of tolls on the St. Lawrence seaway they do not favour the application of tolls on the Welland canal. It is easy for any member of the house to understand why these two and perhaps other members representing areas in the Niagara peninsula are fearful of the effects which tolls may have on established industries in those areas.

The reason I rise is to discuss the problem generally and also to regret the fact, first, that the Minister of Transport is not in his seat—he is detained, I am sure, by other important business—and, second, to complain about the fact that the minister and the government have not seen fit to alleviate some of the fears and anxieties of those groups in the country which will be affected by the imposition of tolls. In fact there has been very little said either by the minister or the government on the question of tolls since they took office following the election of June 10 last year.

It is unfortunate that that should be the case, because while I know that in the earlier period after assumption of office by the government it was difficult to deal with a problem of this nature. Nevertheless as time went on, and particularly in the last few months, it has in my opinion become much easier for a statement to be made either by the minister or the government in this respect.

As I understand it, sir, there are two groups agitating with reference to the question of tolls. First of all there is a group which would have no tolls at all on the seaway. They argue that tolls were imposed years ago on Canadian canals and were afterwards withdrawn, arguing therefrom that they were not a success and that on this occasion, following the opening of the seaway or shortly before, a toll system should not be instituted. Then there is another group, congregated mostly in the United States, agitating in favour of tolls which would be so prohibitive as to discourage traffic up and down the seaway.

It would appear to me, sir, that the attitude adopted by the St. Lawrence seaway authority, namely that of proceeding through a committee in Canada and an opposite committee in the United States to establish a toll which is fair and reasonable, is the attitude which is commendable on this occasion. I should like to preface what I have to say now by stating that by international agreement, by legislation in this house and by pronouncements made both in this house and outside, the intention has been clear all along, that tolls should be charged on the St. Lawrence seaway.

The toll problem, of course, is a difficult and complicated one. It is made more difficult because of legislative requirements both in Canada and the United States that the project shall be self-liquidating. The operating costs, interest and amortization charges must be recovered from the tolls to be charged the users of these facilities. In other words the seaway is to be not only a self-liquidating project but a self-liquidating public utility.

As I said earlier and as was also said by the two hon. members who have just spoken, tolls were charged on canals in Canada in 1903. Those tolls were suspended for a time as an experiment, and afterwards were completely removed. They were completely removed because the United States decided to build the Erie canal and thereby take traffic from the upper regions of the great lakes down through that canal to the port of New York. Canada, finding itself losing traffic because of that canal, decided to remove tolls on its own canals entirely, and that proved to be successful. These tolls were finally abolished in 1905.

Now may I say a word about the basis for the establishment of tolls. The basis is briefly this. Capital expenditures are being incurred by both Canada and the United States in building the seaway. When the project is completed there will be an aggregate amount representing the capital cost of the seaway. It is on this amount that interest will accrue, and which must be amortized over a period of 50 years. In addition there will be the annual operating costs, including maintenance, but by far the greater part of the total costs will be the interest and amortization. Once the annual costs to be charged against the seaway have been determined there is another step which is of importance, and it is the consideration of the actual tariff of tolls.

What is the toll which is to be charged on the seaway? Before establishing a toll on the seaway I think one has to look at what is being done elsewhere, on the Panama canal and the Suez canal, for instance. It is only natural that one should compare the operations of these two canals. The Panama canal, for instance, can be easily bypassed. In other

words a ship going through the Panama canal need not come back by the same route. As a result the authorities operating the Panama canal see to it that light vessels are charged only 80 per cent of the toll on loaded vessels. The situation is not the same with respect to the St. Lawrence seaway. It cannot be by-passed. Once a ship enters the St. Lawrence seaway it must go through and must come back. It cannot go by another route. It need not, of course, go through the whole route up to the head of the lakes and back, but it must retrace its route after it has entered the seaway at the St. Lambert lock at Montreal in order to come out of the seaway.

Then again, in the case of the St. Lawrence seaway there is another factor which does not operate in either the Panama or the Suez canals. In Canada there are other paralleling transportation facilities along the seaway route; there are here parallel highway and railway facilities offering competition to the water route. Canada agreed to the imposition of tolls by international understanding. Until the month of March, 1947, I do not believe there had been any thought in Canada of imposing tolls on the seaway; but when it became clear that Canada was able, willing and anxious to go ahead with the building of the seaway the United States became apprehensive lest it would have no voice in a seaway which would be used by a large proportion of United States shipping. A statement by the secretary of state for external affairs was made at the time in the House of Commons on that subject. His statement, on April 24, 1947, is recorded at page 2354 of *Hansard* as follows:

> The Canadian government has now concurred in principle with the proposal to make the St. Lawrence seaway self-liquidating by means of toll charges subject to the conclusion of arrangements satisfactory to both governments for the implementation of this principle.

This statement was repeated to the United States government in 1951 by an exchange of notes, I believe, and if not certainly by other correspondence, which pointed out particularly that Canada merely approved the principle of tolls. I emphasize this because of what I intend to say a little later. Canada merely approved the principle of tolls, without making any reference to the extent of the work to be amortized, the division of expenditures between the two countries, or to the allocation of costs as between power and navigation.

Then again the same idea is contained in certain sections of the seaway authority act. From the legislation it is clear that if tolls are to be established by agreement between Canada and the United States, directions pertaining to such tolls must be given by the governor in council. Then the seaway authority act clearly sets out the purpose of the tolls. The tolls must, first of all, be fair and reasonable. Tolls must be high enough to recover the capital costs of the seaway, and they must be low enough to encourage traffic along the seaway. It would be ridiculous to make tolls so high that the cost of moving ships through the seaway would be prohibitive.

As I have said, in accordance with the act the tolls must be fair and reasonable. Furthermore, they must be non-discriminatory. Tolls must encourage increased utilization of the navigation facilities; for it would be anathema, as I have said, to spend $300 million or more to improve these facilities between Montreal and lake Erie only to impose prohibitive tolls.

Now, the point which I am sure interests the two hon. members who have just taken their seats, and the house in general, is this. What are to be the amounts of the tolls? This is a very difficult and complicated decision to make. A careful study would seem to indicate that there should be, first of all, a low toll on the net registered tonnage of the vessel applicable to all loaded or unloaded ships, and next a toll on the cargo itself. For example, if one were to encounter a ship having a net registered tonnage of 10,000 tons, and if there were say a toll of 10 cents per ton on that net registered tonnage, the ship would pay $1,000. If, over and above that, the ship had a cargo of 20,000 tons, assuming a toll of 50 cents per ton the ship would pay an additional $10,000, and hence on a 20,000-ton cargo a toll of $11,000 would be imposed. This is a simple method of assessing tolls. It should not be complicated like railway freight tariffs, because if it were then it would become extremely difficult of application and in case of appeal on complaints by shippers.

However, as I said earlier and as I repeat now, this is a matter for the tolls committees of both Canada and the United States to determine. It is, as I said at the outset, unfortunate that the minister has given the house little or no information on this extremely important matter. The house is entitled to know something about these tolls, as well as the shippers and ship operators who will be affected. I am sorry to say that the minister has not made very many pronouncements on the subject. I believe I am accurate in stating that on one occasion he went to a dominion marine association convention, not far from here, and made a statement on the subject, and that was quite some time ago. Apart from that there has been no statement on the subject at all. On the contrary, there has been a considerable

amount of information emanating from the United States, to which I think this house and the country were entitled. For instance, on May 14 there was a statement emanating from the chairman of the St. Lawrence Seaway Development Corporation, the United States entity, that tolls would be made public on July 1.

On the same day the hon. member for Welland asked the Minister of Transport, although he did not know about the statement from Washington, what the decision was with reference to the Canada-United States tolls committee. The hon. member was told that no decision had yet been reached, and that a public announcement would be made when such decision was reached.

The next day the minister was asked if he had seen the statement made on that same day by the president of the St. Lawrence seaway development corporation, or whether he was aware of that statement. His reply was that he had nothing to add, that no decision had been arrived at.

Meanwhile, on May 17, the chairman of the United States tolls committee, Mr. Reese Harill, who has already been referred to in this debate, announced in effect the amount the tolls would be, and I would like to give his statement to the house again because it does bear on this subject. I quote from the *Financial Post* of May 17, 1958, bearing the dateline Washington, D.C., as follows:

> In so far as the actual tolls are concerned the United States toll committee chairman still says, "We'll not be too far off from the target of $1.25 per ton for general cargo and .50 cents per ton for bulk."

Then, ten days later, there is a statement emanating from Ottawa confirming everything which has come out of Washington thus far, both the statement made by the chairman of the St. Lawrence seaway development corporation and the United States chairman of the tolls committee, to the effect that this is what is under discussion, that this is what is being considered, and that a statement would be made on the matter about July 1. My grievance at this time is first of all, that these statements, instead of emanating from Washington, should have emanated from Ottawa concurrently. My complaint is that there are many questions in respect of this matter which should not have been left unanswered. For instance, how will the tolls affect different commodities? Will certain commodities or certain classes of traffic receive more favourable rates than others? Will there be any discrimination in tolls as between Canadian and United States traffic or between local and overseas traffic? What are the latest estimates of traffic on the seaway?

There have been several estimates given as to traffic. In 1954 the United States estimates gave a figure of around 36½ million tons. They were revised afterwards to somewhere between 30 and 35 million tons. Then there are the estimates made by the Department of Trade and Commerce away back in 1940 or 1944 which indicated the traffic potential at that time to be about 44½ million tons and there are also the estimates made by the economists of the St. Lawrence seaway authority. But all these estimates may well be obsolete by now. These are estimates which were announced months ago, as a matter of fact, several years ago, and I think it would be well if this house and the country were told what are the latest estimates of traffic on the seaway and particularly what are the latest estimates of the cost of the seaway, because it is clear that no toll policy can be established unless the costs and the anticipated traffic are correlated, unless the costs and the traffic can be gauged as closely to the actual as is possible to gauge them.

Then there is the all-important question of how and where tolls are to be collected. Should they be collected separately from the United States or jointly with the United States? There is no provision covering this point in the St. Lawrence Seaway Authority Act and it would seem to me that it would be a mistake to have two agencies collecting tolls, one a Canadian agency and the other a United States agency, because not only would that be a nuisance to the shipper but it would be a difficult thing from the point of view of accounting. It would be far simpler, since Canada is paying two-thirds of the cost of the seaway and since ships must of necessity enter the seaway in Canada through the St. Lambert canal at Montreal, that one agency and one agency alone be entrusted with the collection of tolls. I hope it will be found that that agency will be the St. Lawrence seaway authority. I am sure that they could make some sort of agreement, and I hope that they will if it has not already been done, with the St. Lawrence development corporation, the United States entity, that they would on behalf of both groups collect the tolls and then turn over the United States portion to the St. Lawrence seaway development corporation.

As to the points of collection, St. Lambert in the Lachine section and Welland in the upper section seem to be the logical locations for collection of tolls and when the volume of traffic reaches the point where navigational facilities become necessary at Cornwall, then

it would seem that Cornwall should be an additional point for collection of tolls. That is why I repeat that it is unfortunate that the minister has not seen fit to enlighten the house or the country on these matters and I hope he will take the first opportunity to do so.

Two hon. members who have just spoken have touched on a very important question, namely that of whether or not tolls should be charged on the Welland canal. Certainly from what I have said thus far and from the understanding made by the two governments, it would appear that in the year 1951, when the legislation was passed, the intention at that time was to cover the Welland canal. However, there was information which I am sure the seaway authority did not have and could not possibly have envisaged when the house was considering the over-all picture. Here again I must say that while the house gave unanimous consent to this legislation back in those years I am sure there are many members of parliament who would not have approved the project if they had not been assured by the government of the day that this was to be a self-liquidating project.

I return to the question of the Welland canal. When the legislation was passed, and for quite a long time afterwards, it was envisaged that the Welland canal would involve an expenditure of only $2 million. That was the estimate as it was tabled in the house at that time; in other words, in order to deepen Welland from 25 to 27 feet the estimate of cost was $2 million. That certainly could not be considered by any stretch of the imagination as being a large amount having regard to the total cost of $300 million which was being voted at the time. So that even at that time the amount of tolls with reference to the Welland canal, having regard to the total amount of the expenditure, could only have been a very small amount. It now turns out, unfortunately, that the cost—and I am sure that is nobody's fault—of the work in the Welland canal will be somewhere in the neighbourhood of $30 million. That could not have been envisaged at the time because it was only when the contractors and engineers got into the field at Welland that they discovered a large portion of the work in connection with dredging would have to be done in rock. The dredging in rock will be far more costly, and I am informed will be in the neighbourhood of $15 to $16 per cubic yard as compared with $2 or $2.50 per cubic yard for ordinary earth or clay dredging. I stand to be corrected on these amounts for I am speaking from memory only.

The point I am trying to make is that it was not envisaged at the time that this additional amount of $28 million would be expended at Welland, and now that it has to be expended this may well make the difference in support of, and in substantiation of the claim made by the hon. member for Welland (Mr. McMillan) and the hon. member for Niagara Falls (Mr. Houck) that the operation of that canal should be exempted from the imposition of tolls.

There is another factor. Section 15 of the St. Lawrence Seaway Authority Act provided, I believe, for a situation such as this. Section 15 states, in subsection 3, that every such tariff—that is, tariff of tolls—or amendment thereto shall be filed with the board of transport commissioners and shall become operative from the date of such filing. Then subsection 4, which I think is extremely important, says:

> Any person interested may at any time file a complaint with the board of transport commissioners that there is unjust discrimination in an existing tariff and the board shall thereupon consider such complaint and make a finding thereon which shall be reported to the authority.

The point I am trying to make is this: that if an industry on the Welland canal feels itself aggrieved by the imposition of these tolls, high or low though they may be, it may make application to the board of transport commissioners by way of complaint and be heard under that section of the act. That section envisages that where there is unjust discrimination in a tariff the board would thereupon act to remove such discrimination. While I have no time or desire to go into the reasons which may impell the board to act in cases such as this, I think the board of transport commissioners would apply to these rates the same arguments as they apply with reference to unjust discrimination in so far as other rates that are considered under the Railway Act. There is much jurisprudence on this subject—many legal cases—and, in fact, a number of recommendations were made in the report of Mr. Justice Turgeon on freight rates which was tabled in the house some years ago and which dealt with this question of unjust discrimination.

Thus I say that while the position on the Welland canal may be different from that of other areas along the seaway route in that there were no industries along the other canals in the beginning; it was built either in the existing waters or alongside the shores or inland on farm territory where no industry was then in existence; though since then, in certain areas, industries have sprung up. The position with reference to Welland, is that the industries along the Welland canal have been established there for many years and it may well be that they would have a case in

arguing that the toll which the seaway authorities would establish would be one that is discriminatory with regard to their industry.

Then again there is also the obligation of the government under the seaway authority act. After the tolls committees of both countries have agreed upon a tariff of tolls, following study and examination to recommend to their respective governments; it is then up to the governments to determine whether that toll shall apply along the whole seaway.

The government has the right, if it so desires, under the order in council which it will pass, if it so wishes, to exempt a certain portion of the route from the operation of the toll, and it would seem to me that this could hardly be done without consultation with the seaway authority and with the other government. In other words, it becomes clear from what has been said in this debate that there are two members of parliament who are apprehensive lest the industries in their area be detrimentally affected. The government, I respectfully submit, should look into this matter and give consideration to the points made by the two members that industries may be injuriously affected on the Welland canal. Should these apprehensions prove well founded, consideration should be given to whether or not sufficient relief can be given to these industries under section 15 of the St. Lawrence Seaway Authority Act. I, certainly, would have thought so when the act was introduced in the house. It may be, because of the changed conditions which I outlined a moment ago, that the position is not the same today, but that is a matter for study. Then it would seem to me that consideration should be given to whether or not the Welland canal should be exempted from the application of the tariff of tolls.

It is impossible to answer this question, in my opinion, unless a study has been made of the whole situation by the proper body to do so, the tolls committee and the seaway authority. That is why, some time ago, in an earlier debate, I recommended the establishment—and I have done so on more than one occasion—of an economic survey to consider the whole effect of the seaway on the various regions of Canada and, of course, to study this question as well.

I conclude by repeating what I said at the outset of my remarks, that the question of a tariff of toll is an extremely difficult and complicated one. It is one which I am sure will be given careful study by the St. Lawrence seaway authority and it is one which no doubt the government will wish to consider carefully before it imposes a tariff of tolls which will apply, as the law now obtains, from one end of the seaway to the other. It will, of course, be the prerogative of the government to exempt from the operation of the tolls the seaway route or any part of it.

I am sure that in view of the international agreement and in the light of other statements I have made, the government will have some difficulty in arriving at that conclusion. But I am sure all of us here—and I want to emphasize this—would not want to see these tremendous sums of money spent and then see the establishment of a toll which would be prohibitive. I am sure the St. Lawrence seaway authority does not want this, and I am sure the authority is going to do its utmost and bend over backwards to see to it that the toll will be so attractive as to encourage traffic. I also feel that should the case be such that because of the high costs of the seaway as compared with the amount of traffic that will go through it tolls must of necessity be high in order to amortize the principal, then I think the government should give careful consideration to refinancing part of the indebtedness so that shipping may be encouraged to move through the route.

I have not looked at the cost figures for a long time nor have I had an opportunity to study them. In fact, I do not know what the latest figures are. I have seen the budget tabled in the house but those figures are not necessarily the figures that will be agreed upon between the two governments and therefore I am not in a position to state what the capital expenditure is at this time. But what I do say is that having regard to this great international enterprise I am confident both the seaway authority and the government will want to make sure the toll will be of such a nature that ships will move freely through the seaway.

Mr. Pearson: Mr. Speaker, I am going to raise a grievance of another kind on a subject other than the one that is before us now.

Mr. Speaker: Are there any other hon. members who wish to speak on the grievance now before the house?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, if the Leader of the Opposition (Mr. Pearson) is going to raise another subject perhaps I should say a few words on the grievance before us. The government, of course, had no inkling that this question of tolls on the St. Lawrence seaway would be raised this afternoon and unfortunately the Minister of Transport (Mr. Hees) under whose jurisdiction this matter comes is unable to be here. However, I can assure hon. members of the house that the officials of the St. Lawrence seaway authority and the minister and the officials of his department have been giving very careful

consideration to this question and will continue to do so in an attempt to work out a reasonable, sensible solution.

The hon. member for Laurier (Mr. Chevrier) who has had a great deal of experience because of the important post he held as president of the St. Lawrence seaway authority, has made a very interesting review this afternoon and he has pointed out just how complicated and difficult the question of tolls will be. Perhaps it is to be regretted that he did not get that problem settled before he left the seaway authority. It has not yet been settled, of course, but I can assure him and the other two hon. members who have spoken that a most careful study is being made of this subject and their suggestions will be given every consideration.

TELEVISION—REPORTED INTERFERENCE IN INTERVIEW WITH PRIME MINISTER OF UNITED KINGDOM

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am going to raise as the subject of a grievance the important question of what I consider to have been the interference of the Prime Minister of Canada (Mr. Diefenbaker) last Friday in connection with a television interview with the Prime Minister of the United Kingdom. By raising this matter on orders of the day I hoped the Prime Minister might give a satisfactory explanation of press and radio reports which appeared over the weekend concerning this event but as I understand the Prime Minister's explanation the best that can be said for it is that it adds to the confusion which already exists with regard to it.

This is not the first time that the Prime Minister by attempting to interpret statements which have been made previously in the press regarding remarks of his own and others with whom he was associated has created confusion of this kind. Far from clarifying the situations the Prime Minister's interpretations have made them even more difficult to understand. I am thinking of the 15 per cent trade diversion proposal and the clarification that has been attempted since. I am thinking also of the press conference of the secretary general of NATO and the interpretations that were given by the Prime Minister of the words of the secretary general of NATO and the interpretations of interpretations after that.

Last Friday we on this side of the house read with some surprise a report to the effect that the Prime Minister of Canada intervened in connection with a television interview that had been arranged between the Canadian Broadcasting Corporation and the Prime Minister of the United Kingdom. The Prime Minister's reply to my question on the subject seems to me to be entirely unsatisfactory and certainly in direct divergence to the reports concerning it that have appeared not only in one newspaper but in a number of newspapers and over the air. In attempting to explain away this matter this afternoon the Prime Minister said we were attempting to make a mountain out of a molehill.

Mr. Pallett: You are bringing forth a mouse.

Mr. Pearson: Well, we will see about that. The Prime Minister said that last Friday he and the Prime Minister of the United Kingdom met representatives of the C.B.C. following their conference. Just before the arranged interview commenced the Prime Minister of the United Kingdom, according to the Prime Minister of Canada, asked what would be the questions in this interview. The Prime Minister said this afternoon that as he recalled it the first of the two questions—and these were questions to be addressed not to the Prime Minister of Canada but to the Prime Minister of the United Kingdom—was whether or not the free trade proposal advanced last September would be on the agenda of the trade conference this fall. Our Prime Minister said this afternoon—and I think I am quoting accurately what he said—"I then said, 'No, no.'" That terminated the matter so far as he was concerned, the Prime Minister said today.

That may have terminated the matter so far as the Canadian Prime Minister was concerned but that explanation does not terminate the matter so far as we on this side of the house are concerned, it does not remove our strong feeling on the question of intervention or interference with the affairs of the Canadian Broadcasting Corporation by members of the government. We feel the Prime Minister should regard this in the same light we do in view of a debate which took place in this house only a year or so ago and which I will mention in more detail in a few minutes relating to intervention or interference with the affairs of the Canadian Broadcasting Corporation on the part of members of the government. "No, no", said the Prime Minister.

What was the result of this "no, no"? Well, in this interview with Mr. Macmillan no question regarding the free trade offer was in fact asked. The matter was not brought up although it was one of the two questions, apparently, that the C.B.C. representative had in his mind and he had mentioned them to the man whom he was going to interview. Then when the Prime Minister gave his explanation this afternoon I, in order to give him another opportunity to clear up the

matter, repeated my earlier question in somewhat different form. I said:

Arising out of the Prime Minister's answer, am I to understand that the statement attributed to him, not by one but by a number of reputable newspaper correspondents, 'No, no, you cannot ask that question'—

And that was a quotation from the report in the press.

—then had nothing whatever to do with the question that Mr. Macmillan might have been asked by the C.B.C. reporter regarding free trade.

The Prime Minister said:

I have nothing really to add to what I have already said. Any question that arose was in consequence of his request as to the nature of the questions that were to be asked. In other words, he wanted to know in advance.

And when he was told in advance as to what one of the questions would be the Prime Minister himself admits that he intervened and said, "No, no." That seems to me to constitute interference in the affairs of the C.B.C. by the Prime Minister of this country, especially in view of the fact that in the subsequent interview no mention was made of this very important subject. May I just read what the Canadian Press had to say about this matter. This is the report which appeared throughout the country and it is substantiated by reports from other newspaper correspondents who were here on this occasion. This is the Canadian Press report of the incident as it appeared in the five o'clock edition of the Ottawa *Journal* of June 13, 1958:

Prime Minister Diefenbaker today intervened to prevent a C.B.C. interviewer from asking Prime Minister Macmillan of Britain a question about Britain's proposal for an Anglo-Canadian free trade area.

The C.B.C. asked Mr. Macmillan for a brief recorded television interview after he and Mr. Diefenbaker concluded a 45-minute discussion in the Canadian Prime Minister's office.

The interviewer explained to Mr. Macmillan before the actual recording began, that his first question would concern the British free trade proposal made last fall. He said—

That is the interviewer.

—the question would be: "Will Britain's free trade scheme be discussed at the commonwealth economic conference?"

Mr. Diefenbaker, standing beside Mr. Macmillan, said, "No, no," and a whispered conversation among the two prime ministers and the C.B.C. interviewer ensued.

When the recording began, the first and only question asked by the C.B.C. was what Mr. Macmillan considered the main achievements of his visit to Canada and the United States.

With great respect I suggest that nothing the Prime Minister said this afternoon in his ambiguous, cloudy and uncertain explanation relieves him from the responsibility of having intervened between the representative of the C.B.C. and the Prime Minister of the United Kingdom in the way which determined, at least to some extent, the nature of the interview and the questions that would be asked. I claim that that is certainly interference in the affairs of the C.B.C.

Was there any justification for the Prime Minister in intervening in any way, shape or form in regard to a question addressed to the Prime Minister of the United Kingdom about a free trade offer of his government made to the Canadian government last autumn? We on this side of the house have been trying to secure information on this matter for months in the place where that information should be secured, namely in the House of Commons, and we have not been successful. But we have read in accounts, in reports outside the house, in newspapers, that this offer of free trade still stands. That statement was made by the president of the board of trade some weeks ago when he was in Montreal. That statement was made by the Prime Minister of the United Kingdom himself only the other day when he is reported as saying that the United Kingdom stands by her suggestion for an Anglo-Canadian free trade area. Mr. Macmillan emphasized that the proposal for free trade had been laid on the table by the United Kingdom and it was still there; the offer remained to be taken up in whole or in part. Therefore, Mr. Speaker, surely it was the natural thing for a C.B.C. television interviewer to do, to suggest to the Prime Minister of the United Kingdom that that was to be one of the questions he would ask him, the most natural and reasonable thing in the world.

It seems to me there was no cause for the Prime Minister intervening in this question in any way, shape or form or for saying, "No, no" or, "no, no, no" whatever he might have had in mind in using this double negative. It was a perfectly proper question for an interviewer to ask the Prime Minister of the United Kingdom, a question which deals with the matter of the greatest possible importance, a matter which has aroused the interest of the people of this country.

I suggest that quite apart from the reasonableness of the question itself, whatever the question may have been that was suggested to the Prime Minister of the United Kingdom, the Prime Minister of Canada had no right whatever to interfere in any way in this matter. I suggest that in the intervention which he made last Friday he was exercising a form of direct censorship over the C.B.C. interviewer carrying out his job. The Prime Minister, of all people, should have been the very first to appreciate the impropriety of this. We on this side of the house

recall how last March 29 he and other members of his party in the house at that time so bitterly criticized the prime minister of that day for writing, not to a C.B.C. interviewer or a C.B.C. correspondent but to the chairman of the Canadian Broadcasting Corporation that he did not think very much of a particular program which had appeared. This was after the program had appeared, not before someone was going to ask somebody whether he could put a question on the air. At that time the Prime Minister said that this constituted very serious interference with the Canadian Broadcasting Corporation.

If a complaint made in writing to the chairman of the Canadian Broadcasting Corporation, complaining about a program that had been delivered, constituted very serious interference with the Canadian Broadcasting Corporation, how can you describe the intervention of the Prime Minister on this occasion when a question was addressed by a C.B.C. interviewer to the Prime Minister of the United Kingdom concerning a matter which is of very considerable interest and great importance to this country and which in fact that interviewer wished to ask and which in fact, as it happens, he did not ask because of this intervention? Perhaps I might read from the Prime Minister's own statement at that earlier time. The Prime Minister, in attacking the prime minister of the day because he wrote the letter I have mentioned, had this to say as found on page 2830 of *Hansard* of March 29, 1957:

This seems to me—

He is referring to Mr. St. Laurent's letter to the chairman of the Canadian Broadcasting Corporation.

—an example of supercilious censoriousness that is not in keeping with the maintenance of freedom of speech within this country.

Then he went on to say:

To say that the Prime Minister has the right, or, indeed, that he can defend the right to communicate with the chairman of the C.B.C., with all the vast authority and prestige which the position of Prime Minister carries, is one of the most outrageous propositions that have ever been advanced in this house. It denies freedom of speech. It denies that the C.B.C. may broadcast programs which are not agreeable to the susceptibilities of the Prime Minister.

If the present Prime Minister felt that way a little over a year ago about a letter of complaint addressed to the chairman of the Canadian Broadcasting Corporation by the prime minister of that day, I wonder what he would say if he were on this side of the house if the prime minister of that day had interfered between an interviewer and the prime minister of the United Kingdom in an effort at least to direct what he would or would not be asked. The Minister of Finance (Mr. Fleming) had some even harsher things to say at that time and the Postmaster General (Mr. Hamilton) also contributed his bit to this debate, the result of which, as some hon. members will recall, was a whole series of questions put on the order paper to be answered orally by every cabinet minister of that day asking each cabinet minister to get up and say whether he had ever intervened in any way, by letter or orally, with the C.B.C. to influence any of their programs.

My hon. friends opposite will remember that we stood up one after another and answered that question and the opposition of that day got a good deal of pleasure out of that procedure. Later in the same debate to which I have referred the Postmaster General, in making his contribution to the attack on the government of that day for what they called interference, interference after the event not before, had this to say as found at page 2838 of *Hansard* of March 29, 1957:

—it is the . . . duty of the Prime Minister to keep away from intervention in the affairs of the Canadian Broadcasting Corporation.

I quite agree that it is the duty of the Prime Minister to keep away from intervention in the affairs of the Canadian Broadcasting Corporation. I can imagine no more gratuitous or dangerous form of intervention than to suggest to an interviewer of that corporation what he may or may not ask the prime minister of the United Kingdom in an interview which had been arranged with the prime minister of that country. Again, Mr. Speaker, with very great respect, the ambiguous explanation of the Prime Minister this afternoon, and that is putting it mildly, does not remove in any way, shape or form our grievance or our strong feeling that such intervention has taken place. That is why I venture to bring this grievance to the attention of the house. If the Prime Minister is tempted in the future to dictate who shall say what over the air I suggest that he might hesitate and repeat to himself words which he used on a less happy occasion last Friday, "No, no, no."

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with regard to the statements I made last year I believe them to be as implicitly correct today as they were then. I am going to recall the circumstances in connection with the actions of my hon. friend's associates and the government of that day which brought about the words which I used on that occasion, words which were in keeping with the occasion. The first occasion when there was interference, and it was interference, was when Professor Ostry was to be given the opportunity to speak

over the C.B.C. on the life and times of Mr. Mackenzie King. It was advertised that he would do so and that revelation was received with anticipation by the people of Canada as a whole. But for some reason that broadcast was never proceeded with. Indeed, it was withdrawn.

When we brought the matter of interference with the C.B.C. before the government of the day there was not one member of that government, including the Leader of the Opposition (Mr. Pearson), who was able to stand up and say that the government of that day had not interfered directly in order to prevent a broadcast which would have hurt the susceptibilities of some of my hon. friends opposite. They did not dare stand up and say they had not made impossible the carrying out of the broadcast in question.

Mr. Pickersgill: That statement is not correct.

Mr. Pearson: On a point of order, Mr. Speaker—

Mr. Diefenbaker: Mr. Speaker—

Mr. Pearson: On a point of order, Mr. Speaker—

Mr. Pearkes: Sit down.

Mr. Speaker: Order. Is the hon. member rising on a point of order?

Mr. Pearson: Yes, Mr. Speaker, I am rising on a point of order to point out that what the Prime Minister has stated with regard to this particular incident is totally inaccurate.

Mr. Speaker: May I say to the hon. member that that is scarcely a point of order. If the hon. member wishes to take exception to what is being said by the speaker who has the floor and the floor is not yielded he should refrain until the speaker is finished.

Mr. Martin (Essex East): Mr. Speaker—

Mr. Diefenbaker: I have the floor. There is no point of order if it is similar to the last one.

Mr. Pickersgill: Who is the Speaker here?

Mr. Martin (Essex East): Mr. Speaker, speaking to the point of order—

Mr. Green: There is no point of order.

Mr. Martin (Essex East): Mr. Speaker, you had ruled—

Mr. Speaker: I have already made my ruling and it is not open to the hon. member to discuss that point.

Mr. Martin (Essex East): It is quite right that you made a ruling but under the practice of the house it is open to representatives of political groups to rise and, with respect, seek to indicate to the Speaker that possibly he has overlooked something in the ruling he has made.

Mr. Speaker: That is true—

Mr. Pickersgill: There are distinguished precedents.

Mr. Speaker: —if it is done before the ruling is made.

Mr. Martin (Essex East): I rose, Mr. Speaker.

Mr. Speaker: I am sorry I did not see the hon. member but I must consider the incident closed.

Mr. Martin (Essex East): Mr. Speaker—

Some hon. Members: Order.

Mr. Martin (Essex East): May I address myself to the Speaker for whom, of course, I have the greatest respect, as he knows. Surely this group or any hon. member of the house will not be denied the opportunity of having at least one member make representations with regard to a ruling which the Speaker has made. I am not going to persist with the point because of my respect for Your Honour but I suggest, Mr. Speaker, that you will want to give consideration to my right in these circumstances to comment on your ruling.

Mr. Speaker: May I say to the hon. member, and I think he is an experienced member of the house who will recognize the practice, that the Speaker does, if he feels it necessary, hear members to assist him in coming to a conclusion. Now in this case I had no doubt about the point of order, which was really not a point of order but a question of contradicting something that had been said. I did not see the hon. member for Essex East (Mr. Martin), or I would have been glad to hear him. After I have concluded my ruling I hope he will not seek to contradict the Speaker.

Mr. Diefenbaker: It is no surprise to me, Mr. Speaker, that as I speak and refer to those things in the past within the sorrowful memory of my hon. friends it causes them to rise on questions of privilege.

I had pointed out that they did, in fact, interfere with the C.B.C. in connection with the broadcast to which I made reference earlier, an anticipated one, an advertised one by Mr. Ostry—

Mr. Pickersgill: Would the Prime Minister permit a question?

Mr. Diefenbaker: Yes.

Mr. Pickersgill: Would the Prime Minister indicate to the house the evidence on which he makes those statements?

Mr. Diefenbaker: The evidence is very clear, and when the evidence was brought to the attention of the house there was no denial.

Mr. Pickersgill: It was denied.

Mr. Diefenbaker: A denial now.

Mr. Pickersgill: It was denied at the time.

Mr. Martin (Essex East): I rise on a point of order. The hon. gentleman has just heard the member for Bonavista-Twillingate deny the statement and the Prime Minister, under the rules of this house is obliged to accept that denial without any reservation. That is the point I had in mind a few moments ago. I submit to you with great confidence that the Prime Minister must accept at once the statement made by an hon. member in this house that a denial was made.

Mr. Diefenbaker: Mr. Speaker, I do not accept that.

Mr. Martin (Essex East): I am speaking to a point of order.

Mr. Diefenbaker: My hon. friend is endeavouring to raise issues that have no—

Mr. Martin (Essex East): I have raised a point of order.

Mr. Speaker: The hon. member raised a point of order that the Prime Minister should accept a statement made by the hon. member for Bonavista-Twillingate. Would he indicate what statement it was that should be accepted?

Mr. Martin (Essex East): There was a statement that there had been interference with regard to the Ostry broadcast, and the hon. member for Bonavista-Twillingate denied that statement. The Prime Minister persisted as though no denial had been made. I say that under the rules of the house it is not open to any hon. member to fail to accept a denial made by another hon. member. I am asking Your Honour to ask the Prime Minister to accept the statement of the member who has just made the denial.

Mr. Green: On this point of order, may I point out that the hon. member for Essex East is completely distorting the rules. If the hon. member for Bonavista-Twillingate had made some statement with regard to what he, himself, had said, then perhaps the Prime Minister should accept it. He did not speak for himself, he spoke for the former government as a whole. Now, the fact that he says the former government did not do something surely does not mean we have to accept that as gospel.

Mr. Martin (Essex East): The hon. member for Bonavista-Twillingate did deny that statement.

Mr. Diefenbaker: Deny what statement?

Mr. Martin (Essex East): The statement made by the Prime Minister, who persisted in saying there was no denial; I will not accept any denial, says the Prime Minister. This is clearly contrary to the rules of the house, and is a practice in which the Prime Minister should not indulge.

Mr. Pickersgill: Perhaps since I have been dragged in to this, I could say one word.

Some hon. Members: Oh, oh.

An hon. Member: You jumped in, head first.

Mr. Pickersgill: What I asserted was that there was a denial at the time, as *Hansard* will show. There was no interference by the government in respect of that broadcast.

Mr. Speaker: I think that we are confusing two matters. I asked the hon. member for Essex East what words he felt should have been accepted. If it were a denial by the hon. member for Bonavista-Twillingate of a statement made by him in his place that he had not interfered with the C.B.C., then I feel sure the Prime Minister would have been bound, and would have accepted the statement. But as I recall what transpired it was not a denial of what the hon. member for Bonavista-Twillingate said about himself. I think we can proceed, and perhaps restrain our susceptibilities in a matter of this kind where obviously things will be said which are within the normal course of party conflict, and which would not be acceptable on both sides of the house.

Mr. Diefenbaker: To return once more to the trend of my thoughts, I was dealing with a subject, Mr. Speaker, which does lead to the wounding of the susceptibilities of my hon. friends opposite, namely the broadcast that was advertised to take place by Bernard Ostry. The people of Canada were interested in finding out what this author had to say. However, the government of that day had in its membership those who did not desire that the people of Canada should become aware of some of the things which had been dealt with in the book. At the time, there was a question raised as to who had actually brought about the cancellation of that much anticipated broadcast. We were unable to find out. The only information available was that information would not be given.

Television Interview—Alleged Interference

Then came the occasion mentioned by my hon. friend on the 26th, 27th and 28th of March last, in which there was again an example of the kind of thing which should not take place. In this case the then prime minister—I am not going into the facts because he is not in this house—heard a broadcast by a young professor in Winnipeg who referred to a subject that sometimes arouses the susceptibilities of the Leader of Opposition, namely the kind of policy that Canada had at the time of Suez when Canada, through the hon. gentleman, cast a vote against Britain and France and placed them in the same position as the U.S.S.R. as countries which had departed from the course that they should have followed.

This is one subject about which my hon. friends do not like to hear. On that occasion, the then prime minister wrote a letter in which he pointed out—at least we understand this is what the letter contained because we were never able to see it—that this young man, who had only been in Canada for a few months, did not have that background of understanding education or appreciation, to be able to speak to the Canadian people through the medium of the C.B.C. In other words, the direction was clear, that he should no longer appear as a commentator on the C.B.C. Now, those were the two examples that were brought to the attention of the house as examples of interference with the rights of the people of Canada to obtain information.

I now come to the matter in question. My hon. friend really revealed the reason why he is so exercised, because he said that they have not yet found out about the free trade offer. Might I suggest that he should bring up something new. They used all that during the election campaign—bring up something new. Get a new speech.

Mr. Pearson: You get a new one every day.

Mr. Diefenbaker: This was used over and over again during the election campaign. It was said that facts had been concealed. There was nothing concealed here. The question was asked as to whether or not this would be on the agenda. It was a joint interview and I was present on that occasion. The question of whether or not it would be discussed at the conference this fall is something which will have to be determined in due course. However, there was no concealment; members of the press gallery asked question after question regarding this matter and the prime minister answered them. There was certainly no concealment in so far as the C.B.C. keeping anything from the people was concerned. Last evening Mr. Edgar McInnis, the president of the council of the Canadian institute of international affairs, interviewed the Prime Minister of the United Kingdom and that interview was quite lengthy. There was nothing kept from the Canadian people; it was indeed a full and free discussion. I say that this simply indicates how short of issues are my hon. friends opposite when they endeavour to raise such matters in order to obscure the real issues facing this country.

Mr. Pickersgill: Rubbish.

Mr. Diefenbaker: My hon. friend is the best judge in the house of rubbish.

Mr. Pickersgill: I have listened to enough of it from the Prime Minister.

Mr. Diefenbaker: I have nothing to withdraw. There was no interference with the C.B.C.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: My hon. friends have suddenly developed an affection for the independence of that body which they did not have during their days in office, whereas we know today, as from day to day we listen to the broadcasts and the commentators, the C.B.C. is not under the same degree of control, whether by direct influence or whether it was subconscious in its effect, which brought about a situation in this country where some of the commentators did not enjoy the freedom they enjoy today, to speak fearlessly regardless of any circumstances. The former situation was made clear by the communication to the C.B.C. to the effect that a certain commentator had not spoken as he should have done and did not have a proper realization of Canadian conditions and that he had trodden on the delicate toes of the government then in power.

My hon. friend has spoken with exaggerated exuberance about this matter in his desire to leave the impression, which cannot be left with the Canadian people who have listened to the C.B.C. since June 21, 1957 and have heard day by day the broadcasts over the various channels of that body, that criticism has been restrained.

The government has at no time or in any way interfered with the C.B.C. When my hon. friend reads what I said in 1957 he will be aware of my views in this matter. I repeat my words, that as long as this government is in power—and that will be a long time if this kind of picayune criticism persists—there will be no interference, directly or indirectly, with the criticisms of commentators or others, nor will there be any interference with the right of the people of Canada to secure full information on any and every subject. I think it makes it clear that this has been the state of affairs since June 21 last,

when one remembers that the only example which could be raised by the opposition in no way indicates any interference with the C.B.C. The information in this case had already been given in detail to the press conference and had been broadcast over the C.B.C., in part or in full, and last evening the fullest possible discussion was allowed on this matter during the course of the interview of the prime minister by Mr. McInnis.

The only thing about it, Mr. Speaker, is that my hon. friends have harassed themselves because they do not have the information on the so-called free trade proposition which was advanced to this government, and they are adopting this method of bringing to the attention of the country that they have not been able to secure this information and so are endeavouring to hold this government responsible for interfering with the C.B.C., which is something it never has done, will not now do and does not intend to do.

Hon. Paul Martin (Essex East): Mr. Speaker, the Prime Minister (Mr. Diefenbaker) has referred to this matter as being picayune and has given the impression that this is a mountain made out of a molehill. These were some of the words he used when the Leader of the Opposition (Mr. Pearson) today asked him some questions on the orders of the day. I am sure there are many precedents in speeches of the right hon. gentleman which clearly indicate that this is an important question. One is, I think, understandably surprised by the words of the Prime Minister, particularly in view of his well-known interest in matters affecting freedom in all its aspects, in that he should have regarded the raising of this particular question as not so important as is being suggested. One is certainly justified in saying that the Prime Minister is not doing himself justice, having in mind the views expressed in his capacity as a private member in other days.

The Prime Minister says this is a mountain made out of a molehill but he has gone further in the speech which he has just made. I suggest that this, as an explanation of what has already been said, only adds to the confused situation with respect to what the Prime Minister actually did say and does not clarify what he perhaps intended to convey. The Prime Minister's remarks on the orders of the day were recalled by the Leader of the Opposition but I think they deserve to be mentioned again. The Prime Minister said: "We discussed various matters, it being understood that thereafter there would be a joint conference before the C.B.C. When we came out we met the Canadian Broadcasting Corporation representatives, and just before the interview commenced the Prime Minister asked what the questions were." He asked what the questions were and in this context, and in the words used by the Prime Minister that query by the British prime minister could only mean one thing, and that is: What questions are going to be put to me by those who are going to interview us? That interpretation, I say, is the only interpretation which can reasonably be made.

Mr. Bell (Saint John-Albert): On a point of order, Mr. Speaker, may I ask the hon. gentleman what he is reading from?

Mr. Martin (Essex East): I am reading the observations made by the Prime Minister during the course of this afternoon, observations already referred to by the Leader of the Opposition and commented on by the right hon. gentleman. I was saying that when the British prime minister asked what the questions were, in the context of the language used by the right hon. gentleman they could only mean that the British prime minister was thinking of only one thing, that is the questions that had been prepared, presumably by the C.B.C. for submission to the British prime minister for reply by him.

Mr. Diefenbaker: What does the hon. member mean, "prepared by the press"?

Mr. Martin (Essex East): By the C.B.C., I should say. And now that the Prime Minister has raised this, it is a matter which touches not only the C.B.C., because, after all, although the C.B.C. is representative of radio and television it does represent the press in the larger sense of the word, and this is certainly a matter which can be considered as involving not only the freedom of radio and television but also the freedom of the press itself.

The Prime Minister went on, in answer to the Leader of the Opposition, as I recall it to say: "The first question on the list of two was whether or not the representation or the so-called proposal advanced last September regarding free trade with the United Kingdom would be on the agenda of the trade conference this fall, and I said 'no, no' ". Now that answer, that observation when related to the previous sentence of the right hon. gentleman, certainly presents a picture in which it is clear what happened. Certain questions were put by the representatives of the Canadian Broadcasting Corporation to the British prime minister and, for some reason, which has been made manifest not only on Friday last but for many months, the Prime Minister seemingly is reluctant to have any unnecessary mention made of this proposal which was brought forward, first of all, by the chancellor of the exchequer last

autumn and more recently, as the Leader of the Opposition pointed out, by the president of the board of trade three or four weeks ago in Montreal.

The Prime Minister may have good reasons for not wanting this opinion of the British proposal discussed. After all, the Prime Minister has access as leader of the government to information not open to those of us on this side of the house. But he could at least give reasons for minimizing the number of occasions when this question could be discussed. But in the absence of a satisfactory explanation, it is the duty of the opposition to ascertain from the government and from the Prime Minister what its attitude with regard to this proposal is.

The Prime Minister obviously minimizes the importance of the British proposal. Today he does not even call it a proposal; he says it is "a so-called proposal". That is not what the chancellor of the exchequer said. That is not what Sir David Eccles, president of the board of trade said; that is not what Mr. Harold Macmillan said in the press conference he gave the other day. We mean business with this proposal put forward by Her Majesty's government, said the British prime minister. It is not a so-called proposal. I know the right hon. gentleman is seeking to minimize his own proposal of last July with regard to diversion by saying it was not a proposal at all, that in fact it was a statement of objective. But the fact is that we have had from the Prime Minister for the first time, in the limited context in which he used it, a mention of the phrase "British free trade proposal". I think this afternoon was the first time he has even mentioned the phrase in this house.

In spite of repeated questions directed to him—and the Prime Minister will recall that I put some of them to him myself last fall—it has not been possible to get from the right hon. gentleman any reaction whatsoever regarding what the government as a whole thinks about this proposal. And not only are we denied this opportunity in the house, but the Prime Minister apparently took the opportunity, when he was with the British prime minister, of precluding the latter from amplifying details which we on this side of the house have been trying to get from this administration for many months both before and after the election. And if we have not been able to succeed, should those who represent the agencies of communication of this country be denied the opportunity of conveying to the people of Canada the views of the British government in respect of a matter which they regard as so important not only for the United Kingdom but for Canada and which in the light of the need for interdependence, as the British prime minister said, could mean so much to the world at large in these difficult days of international tension.

I am sure the Prime Minister has not succeeded this afternoon in satisfying this house that he did not by his manner and speech preclude the British prime minister from making a comment in answer to a question submitted to him by the C.B.C., a question which is of the greatest interest to this house and to this country. That is an unwarranted interference with one of the agencies of communication in Canada which it is our duty, just as it was the Prime Minister's duty when he was in opposition and thought there was interference on another occasion, to bring to the attention of the house.

The Prime Minister said in answer to the Leader of the Opposition that he meant what he is reported to have said last year at page 2830 of *Hansard*, and repeated today. Of course, the Prime Minister is a master in the art of diversion. I do not mean trade diversion; I mean in the art of diversion in debate and in the debate last year he undertook to give a full answer to the comparable though justified allegations made today by the Leader of the Opposition.

Assuming, for argument sake, that the course taken by the Minister of Finance and by the Prime Minister last year with regard to the letter by the former prime minister was valid. That does not in any circumstance justify the action which the Prime Minister took on Friday last. I say: if that course was right a year ago—and I am not saying that it was; I say it was not—that was no reason for the Prime Minister doing what he did on Friday last. As a matter of fact and again assuming for purpose of argument—and I will come to that point later—that there was validity in the position taken last year by the right hon. gentleman and those of his colleagues who sit with him now, compare the difference in the situation: in the one case it was a letter directed in terms apparent for everyone to see and understand—

Mr. Diefenbaker: And unproduced.

Mr. Martin (Essex East): The hon. gentleman, apparently, saw it.

Mr. Diefenbaker: Have you got it?

Mr. Martin (Essex East): He apparently saw it, because he told us all about its terms. It was a letter directed to the president of the Canadian Broadcasting Corporation, and the former prime minister denied that it involved the kind of intervention about which the right hon. gentleman complains. But compare that situation with the situation of

last Friday. Here are the British prime minister and the Prime Minister of Canada. Who seeks to put the question? Is it the president of the C.B.C. or the general manager? No. It is a reporter of ordinary status though, I suspect, of great ability. He obviously would be awed by an intervention by the Prime Minister of Canada.

I suggest to the Prime Minister that a comparison of these two situations puts the Prime Minister exactly in the position—only with more reasons attached to him in which he sought to put the former prime minister and whatever the hon. gentleman may say about the incident of last year the fact is there was a denial by the prime minister of that day that he had in any way interfered with the operations of the C.B.C. What is more, any one who knows the character of that right hon. gentleman who formerly sat in the treasury benches knows that any denial made by him is one that would be accepted by any hon. member of this house.

The Prime Minister, again resorted to the capacity he has for diversion and of introducing a red herring—a talent which I as a fellow lawyer certainly cannot help but admire—

Mr. Green: You are good at it yourself.

Mr. Martin (Essex East): I thank my hon. friend for that compliment. The fact is, however, that the Prime Minister on this occasion resorted to another red herring. He introduced the Ostry matter. That, too, was denied. There is no evidence—and I challenge the Prime Minister now to produce it—to support his contention that there was any interference. The only evidence he could produce is a statement by the then minister of national revenue who reported on matters having to do with the Canadian Broadcasting Corporation that the C.B.C. had advised him in an answer which they prepared and which he presented in this house for reasons of non-adaptability they had cancelled the program. The Prime Minister did not refer to that and so, when he introduces the Ostry matter, he introduces a matter which like the previous one is not in fact a precedent at all and in no way helps to justify the course which the Prime Minister used when he appeared with the Prime Minister of the United Kingdom last Friday during the television interview regarding questions being put by the representative of the Canadian Broadcasting Corporation.

By introducing this technique of red herring the Prime Minister said there was no interference in the discussion of these matters. "Why, the president of the Canadian institute of international affairs spoke about this matter on Sunday," said the Prime Minister. No one has suggested that this interference by the Prime Minister extends to all programs of the Canadian Broadcasting Corporation. We realize there are limitations in the mobility of the Prime Minister; there are circumstances beyond the physical control of any man. I heard that broadcast by Professor McInnis and I do not recall him saying anything about the British free trade proposal but in any event if he did that does not justify the Prime Minister in precluding a representative of the Canadian Broadcasting Corporation from asking a question on the very same subject of the British prime minister.

As a matter of fact, the Prime Minister introduced a fourth red herring this afternoon. He mentioned an important incident involving the nations of the world in the matter of Suez. He forgets that that particular incident recalls the very technique which he apparently used on Friday last. I well recall reading in the paper that after the Secretary of State for External Affairs (Mr. Smith) had been sworn in he was asked by the newspaper men of this country what he thought about Canada's foreign policy and what he thought about Suez. The Secretary of States for External Affairs replied and said that he agreed fully with the policy of the present Leader of the Opposition, the former secretary of state for external affairs. At that very point my right hon. and genial friend the Prime Minister said, "No, no, no. The policy of this government is exactly as stated by me in parliament." This left the clear implication that anything said by the Secretary of State for External Affairs that is contrary to anything the Prime Minister has ever said must not be uttered and must not be communicated to the press and not even reported by the press. The views of the Secretary of State for External Affairs on important matters of that kind apparently must not run counter to what my right hon. friend as leader of the Conservative party and Prime Minister of Canada thinks and says. And so the technique of "No, no, no" used on Friday last was on one occasion used on the steps of the building that houses the Supreme Court of Canada after the distinguished Secretary of State for External Affairs had been sworn in as a member of Her Majesty's privy council.

We all realize that the Prime Minister has heavy responsibilities, that he is a busy man. We can very well understand that there are occasions when his over-all consuming interest in the problems of the nation and of the world are such that he might do things which as the private hon. member for Prince Albert he certainly would not do and which he certainly has alleged should

not be done. But it is our duty—and I am sure the Prime Minister recognizes it is our duty—to remind him of these excursions into the realm of violation of the kind of freedom which we cherish in this country and which I know he along with every other hon. member of this house would want to see us perpetuate.

The hon. gentleman would do well to remember his own words which the Leader of the Opposition quoted. But if the words quoted by the Leader of the Opposition are effective and bear repetition so, too, do the words of the distinguished Minister of Finance who sits with him. Here is what the Minister of Finance said on March 29, 1957, as recorded at page 2824 of volume 3 of *Hansard*:

> As long as I am a member of parliament I certainly intend to defend Mr. Dunton's right to support the policies and defend the programming activities of the corporation even when I disagree with them. But when there is disagreement, sir, let it be in the proper place, let it be in the houses of parliament. Parliament is supreme; parliament is the body to which the Canadian Broadcasting Corporation is responsible. And in this particular if, as appears from the statement made by the Prime Minister yesterday, Mr. Dunton resisted the attempt of the Prime Minister to influence the programming activities of the C.B.C., then I say—

And I ask the present Prime Minister to pay special attention to these words:

> —then I say this parliament owes a debt of gratitude to Mr. Dunton for having stood firmly for a principle that the Prime Minister ought to have been the first to uphold and which at that time he evidently was discarding and repudiating.

The Prime Minister might well recall other words of his when at the conclusion of his remarks last year as recorded at page 2831 of *Hansard* he said:

> I say to the Prime Minister,—

This is the present Prime Minister speaking—

> —and I do not wish to carry the matter any further, but I hope this will be a lesson to the members of this government that interference, indirectly or directly, direct or subtle,—

"No, no, no" might be subtle.

> —will not be condoned. Interference of this kind can only destroy the independence of the C.B.C. and dry up the wells of information to which the Canadian people are entitled.

As I have said, we all appreciate that the Prime Minister has heavy responsibilities. They may have been responsible for the statement he made in this house about the press interview given by the secretary general of the North Atlantic Treaty Organization which remarks, incidentally, Mr. Spaak repeated in Halifax after he left Ottawa. We can understand the Prime Minister's concern about the remarks he made about trade diversion with the United Kingdom. We now have this further incident when the prime minister of the United Kingdom was precluded in his presence from saying to a representative of the Canadian Broadcasting Corporation what he thought about a proposal to which this government obviously has not yet given the full and final consideration this question is entitled to receive. I say to the Prime Minister, then, in his own words, "Let this particular occasion be a reminder of the undesirability of this kind of action, and let it not happen again, and let it now be remembered as a result of this debate."

I say to the Prime Minister, too, why does he not take the country into his confidence and tell us what the British prime minister wanted to say about the proposal? It certainly deserves at least from this government a statement that it is prepared to give this question of British free trade the kind of sympathetic attention that one would expect this government to give to a friendly government like Her Majesty's government in the United Kingdom. That, surely, is not asking too much of the Prime Minister and we all trust he will not make this mistake again.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising because after the Prime Minister (Mr. Diefenbaker) spoke I confirmed my recollection by consulting *Hansard* and I would like to make clear from the record itself, from the answers that were given by the then minister who answered in this house for the C.B.C. what the facts were about this Ostry affair. The first time that I can find it was brought up was at page 881 of *Hansard* of February 6, 1956. A question was asked by the then member for Humboldt-Melfort, Mr. Bryson, as follows:

> I should like to direct a question to the minister of national revenue. Why was the discussion on the book "The Age of Mackenzie King" cancelled by the C.B.C.?

To which Mr. McCann replied:

> Mr. Speaker, I have asked the C.B.C. about this matter and I am informed that it was not a case of cancelling a program. The C.B.C. reports that, while some consideration was given to the book as a possible subject for a national television network discussion, on consideration it was not thought to be a good basis for such a discussion.

Now, there were a number of other references to this at various times which I think it would be trespassing on the time of the house to refer to, although I would be quite happy to give the page references to anyone who wished to have them, but it was finally brought up by the then member for Eglinton, now the Minister of Finance, (Mr. Fleming), at page 1462 of *Hansard* of February 23, 1956, as follows:

> Is the Minister of National Revenue now in a position to answer the question I asked him on

February 15 as to who it was within the Canadian Broadcasting Corporation who made the decision that the program on "The Age of Mackenzie King" by Ferns and Ostry should not proceed? The question is to be found at page 1198 of *Hansard*.

Mr. McCann replied as follows:

Mr. Speaker, the answer is that the Canadian Broadcasting Corporation takes full responsibility for their attitude.

I may say that on examination of the other references I find that there is not the faintest suggestion of any evidence at any point anywhere that any member of the former government ever discussed this matter with the C.B.C., and I happen to know of my own personal knowledge that this matter had been fully determined by the C.B.C. before the members of the government, with one exception and that exception happened to be myself, had ever heard about it, or any proposal of that kind. I know this because I mentioned the matter to Mr. Dunton, and he told me when I first mentioned it to him that the C.B.C. had already decided that it was not a suitable program—these are the facts —and that he had discussed it with no member of the government.

Mr. Pallett: Except with you.

Mr. Bell (Saint John-Albert): He discussed it with you.

Mr. Pickersgill: If the hon. gentleman had been listening attentively he would have heard what I said. I asked Mr. Dunton the question and he told me the decision had already been reached.

Mr. Diefenbaker: Was the hon. member a member of the government at that time?

Mr. Pickersgill: Yes, I was a member of the government in 1956; I was a member of the government from 1953, and I had no discussion whatsoever on this matter with Mr. Dunton; I just asked him the question.

Mr. Brooks: Why?

Mr. Pickersgill: And he told me there was going to be no such program. I asked the question out of curiosity that I think was proper curiosity. I had the assurance from Mr. Dunton at that time, as I say, that no member of the government had discussed the matter with him, no member at all.

Mr. Pallett: Except you.

Mr. Cardiff: The hon. member just told us that he discussed it with him and he was a member of the government.

Mr. Pickersgill: No. Mr. Speaker, perhaps I might repeat what I said for the benefit of the hon. gentleman. I said that I met Mr. Dunton and I asked him about this program about which I had read in the press.

Mr. Cardiff: Why?

Mr. Pickersgill: About this proposed program, and he told me then there was going to be no such program and that is all that happened.

Mr. Pallett: What was the question? There is going to be no program, is there?

Mr. Pickersgill: As to the letter that Mr. St. Laurent wrote to Mr. Dunton about which the Prime Minister seemed to know so much, we all know, of course, that the Prime Minister is a great authority on letters he has never seen. He admitted he had never seen this letter and yet he presumed to tell us what he believed was in it, as he presumed to go back and forth across the country and talk about other letters at a time when he had never seen them. I notice the Prime Minister has said very little about them since he has had an opportunity to see them.

Mr. Diefenbaker: What letters are they?

Mr. Pickersgill: The Prime Minister remembers very well certain correspondence between prime ministers.

Mr. Diefenbaker: Which prime ministers?

Mr. Pickersgill: Mr. St. Laurent and Sir Anthony Eden. The Prime Minister discussed the correspondence frequently on the platform before he became Prime Minister but I notice he has had nothing to say about it since he became Prime Minister.

Mr. Diefenbaker: I have had no reason to say anything.

Mr. Pickersgill: There never was any reason. I say that the Prime Minister has become quite an authority on letters he has never seen. These are just two examples. The Prime Minister, of course, as the hon. member for Essex East (Mr. Martin) pointed out a few minutes ago, is a past master, and I am not in his league at all, and I do not pretend to be. He is a past master at the art of diversion, and one of the most extraordinary of his diversions today, I think, was to bring up this old question of that famous vote at the United Nations. I thought we would not hear any more about that after the occasion at Geneva only a few weeks ago when the high commissioner for Canada, no doubt on instructions from the Prime Minister, voted with Russia against Great Britain, France and the United States as well.

Mr. Diefenbaker: Was it condemning Britain as an aggressor?

Mr. Pickersgill: No, neither was the other vote. There, Mr. Speaker, is the best possible example of the Prime Minister's diversion of

the facts because that vote at the United Nations, as the Prime Minister ought to know, had nothing to do with condemning anybody. It was the question of putting an item on the agenda. In those days, of course, the items on the agenda were known. Now they are unknown.

I find myself disturbed about what the Prime Minister had to say. The most disturbing thing this afternoon was the very serious reflection that the Prime Minister made upon the management of the C.B.C. The Prime Minister implied, and in fact, almost said, that since June 21, 1957, the C.B.C. had been free to broadcast criticism of the government and that it had not been free before. I do not know what the Prime Minister did about listening to the C.B.C. before June 21, but some of us on this side of the house thought there were a good many programs on the C.B.C. which were at least somewhat critical of the then occupants of the treasury benches, and I think I have heard nothing on the C.B.C. since June 21 any more critical than a fair amount of the criticism that we heard on the C.B.C. before June 21.

Mr. McDonald (Hamilton South): Because we are doing so well.

Mr. Pickersgill: I believe it is a very good thing that there should be criticism of the government on the C.B.C. I think it was a good thing when we were in office, I think it is a good thing still and I hate to see anything whatever done that will in any way jeopardize the independence of the C.B.C. If we need a bill of rights in so far as matters affecting parliament are concerned, surely the first right we need to safeguard is the right of free expression on the air. It does seem to me that it is very odd indeed, when this appears to have been called into question by the Prime Minister himself with his famous "no, no, no," that the Prime Minister should then suggest that those who raise the question in the house are raising a question that is picayune. Surely freedom of speech in parliament and outside it is the most fundamental question of all.

UNEMPLOYMENT INSURANCE—ALLEGED DISCRIMINATION IN PAYMENT OF BENEFITS

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I do not think we got very far with the last grievance but I hope we can get a little farther with this one. It is a matter involving some hundreds of people in the city of Vancouver, including a considerable number in my own constituency of Vancouver East. I have always found it very difficult to understand why the government has not seen fit to alter the federal regulations pertaining to eligibility for unemployment insurance whereby they now deny the opportunity and right to people drawing unemployment insurance benefits to try to obtain employment in the longshoring trade even if only for a few hours. I do not know the reasons for the regulation because to the best of my knowledge it applies only to the longshoring trade.

If a person is eligible for unemployment insurance benefits and in order to help himself gets a few hours work in any other trade and earns a few dollars, he does not become ineligible to continue drawing his unemployment insurance benefits, but if he gets even as little as two and a half hours work as a longshoreman he is immediately denied the right to draw unemployment insurance in the two week period that is involved. To me this is a most iniquitous regulation. I could give a great number of examples but I will refer only to one in order to prove my contention.

This case came to my attention recently. It concerns one of my constituents who by occupation is a logger. He has been unemployed and has been drawing unemployment insurance since December 14, 1957. Recently he decided he would try to get employment somewhere and he sought work as a longshoreman. To get work as a longshoreman you have to obtain what is known as a stevedore's registration number. He did so and he worked for two and a half hours on Tuesday, May 27. He earned $6.50. On the following day, which happened to be the day for payment of his unemployment insurance benefit, he received his unemployment insurance cheque for $30. He made out a statutory declaration as required by law advising the unemployment insurance commission office in Vancouver that he had worked two and a half hours as a longshoreman and had earned $6.50. He was immediately told that because he had worked two and a half hours as a longshoreman he was not eligible to draw his $30 and would have to wait for two weeks until the payroll statement of the company employing the longshoremen had been checked.

He was denied payment although he had only worked two and a half hours as a longshoreman. This man is married and has two children, a young girl of seven and a half and a boy two years and three months old. There was no food at all for the family and he was not eligible for any other assistance. It was just by the grace of God that we were able to have the Salvation Army provide him with temporary relief.

When the case was appealed to the unemployment insurance commission in Vancouver the officials were most co-operative and helpful but they said there was nothing they could do about it because of the regulation

of the commission in Ottawa and that they had to abide by it. Here is a rather amazing situation. The chief claims agent—I forget his exact title but I think that is correct—in the unemployment insurance office in Vancouver told this man that if he would give up his stevedoring registration number he could immediately pay him his unemployment insurance. This man was trying to obtain a little bit of work in order to get some money to help his family but because he did so in the longshoring field and although he only worked for two and a half hours his endeavours to become a useful and productive member of society were curtailed and hampered. The only way he can draw his unemployment insurance benefits is by giving up his stevedoring permit number.

As I said, the employees in the office in Vancouver were most co-operative and helpful but they said they could not do anything about it because of the Ottawa regulations. I have only cited one case but I could refer the minister to hundreds of a similar nature. This is an absolutely vicious and iniquitous practice. It is a vicious, iniquitous regulation. I felt that I should draw this grievance to the attention of the government because it should be correced immediately.

The matter probably comes under the Minister of Labour (Mr. Starr) but unfortunately he has been away for a great many days. However, I note the evident interest of the Minister of Public Works (Mr. Green) who also comes from Vancouver and who knows something about the longshoring trade and the unemployment situation there. If he cannot give the matter personal consideration I trust that he will see that it is drawn to the attention of the proper officials to see if the situation cannot be corrected.

Although I am not going to go into details at the moment I hope the government will also look into the situation in the city of Vancouver as far as the payment of unemployment insurance benefits to longshoremen is concerned. To the best of my knowledge they are the only group who in respect of unemployment insurance are classified as second class Canadians in that different regulations apply to them from those that apply to people engaged in any other occupation, regulations of such a nature that these men pay more and receive less when it comes to benefits.

I know that in the past a brief was presented to the government and I was informed only this morning that a new brief is being prepared for presentation. I am not going into this matter at the moment except to draw it to the attention of the government.

In so far as this other matter is concerned, this major grievance where a casual worker for only 2½ hours was cut off unemployment insurance, I hope for speedy action by the government.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, in so far as this question of unemployment insurance is concerned, I should like to bring to the attention of the house a problem concerning young people who, being entitled to unemployment insurance benefits, try to use their spare time by attending local schools and are denied the right to draw their unemployment insurance benefits. There is something rather unfair about this particular regulation.

I have a number of people in my riding who during the summer engaged in the fishing industry and were thereby well qualified for unemployment insurance benefits during the winter. Employment was extremely difficult to get, and rather than spend the time doing nothing they decided to go back to school. The moment they entered the school their unemployment insurance benefits were cut off. In my opinion there is something wrong when a young lad qualifies himself for unemployment insurance benefits, and then is denied those benefits because he tries to use his spare time profitably.

If I may put it another way, it seems to me there is something wrong with a scheme of this kind which pays a young man to waste his time. I would say again that this is one problem which certainly needs some investigation. It is a question that needs very careful attention. At the moment, it does appear that these regulations governing unemployment insurance are a little too rigid in many cases and need the attention of the unemployment insurance commission.

NATURAL GAS DISTRIBUTION—REPORTED UNSATISFACTORY LABOUR CONDITIONS

Mr. M. W. Martin (Timmins): I should like to raise another matter which appears day by day to become more important in this country. I am referring to the situation with regard to natural gas, and all its aspects across this country. No useful purpose will be served by going into past history, with which most of us are familiar. Certainly, the history should be familiar to the government because this matter had a great deal to do with the fact the government is sitting on that side of the house today. There are many references on the record also concerning the change of heart the government has had since they left this side of the house concerning the trans-Canada pipe line issue.

I should like to deal in more detail with what might be called some of the side issues that have been raised with regard to this great Canadian utility. It appears to me

that this whole issue of natural gas, trans-Canada pipe lines and the distributing lines, is nothing more nor less than an evil tree which, with all its evil branches, seems to be spreading across this country. Conceived in the rape of our natural resources by people who were referred to by the Prime Minister (Mr. Diefenbaker) as those Texas buccaneers, this evil tree has grown in the west and has spread towards the east, with every one of its branches appearing to be just as troublesome and just as evil as the tree itself. We have seen nothing but labour problems all the way across the country, starting with the infamous back-door agreement which was signed with a hit-and-run union before the employees were hired. They were forced into a union which they had never seen, the stewards of which they had never seen and which could not properly serve their interests. This master contract was signed in Alberta and covered all future employees.

We have seen some of the results of this action. There was the big strike at the head of the lakes around the Hearst area which tied up the whole operation for a period of three weeks last winter. The federal Department of Labour had to step in on that occasion in an effort to settle the matter so that the company could proceed with clearing the right of way and laying the pipe. The troubles did not end there. In fact, they were just getting nicely started. On two different occasions during the month of March I had to appeal to the Minister of Labour (Mr. Starr) because clauses of this agreement, signed under the supervision of and with the assistance of the Department of Labour, were being violated. I should like to compliment the minister at this stage upon the speed with which he acted to correct the situation. On one particular occasion I sent a telegram to the minister's office one afternoon, and the following morning I received a telephone call from one of the top officials of Trans-Canada.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Martin (Timmins): When the house adjourned at six o'clock, Mr. Speaker, I was dealing with some of the labour problems which have arisen with respect to the trans-Canada pipe line, particularly in northern Ontario. In all fairness, and in spite of the record across the country, I would like to say that a lot of the trouble has not been the fault of the pipe line company—that is to say the parent company—but has been the fault of some of the contractors, subcontractors and sub-subcontractors. It appears that quite a spider's web of subcontracting is going on up there, and how things can be split so many times with everybody showing a profit is something which I cannot understand or explain to this house. However, it does involve difficulties when one tries to iron out any of these grievances; it is something like being in the middle of a northern swamp in the month of June when the mosquitoes are at their worst, not knowing just which mosquito is doing the biting.

Another convenient arrangement, and this of course applies to the period after the base rate was established following the strike in January, when there was an increase of a matter of 20 cents per hour to bring the base rate fairly close to the local rate, is where we get a group of employees, many of whom unfortunately may not be too well educated, being told "the rate here is $1.40 per hour but you don't want to work for as low a rate as that, you should do it on a piecework basis." After a good sales job they are convinced they can make themselves a fortune in a very short time, so they go in on a contract basis but find at the end of three or four weeks that all they are making is about 90 cents an hour instead of $1.40.

We have received many other complaints about how part of their pay has been held back for various reasons and now there is apparently a brand new gimmick altogether. In place of hiring local men who by this time are quite familiar with the agreement signed following the strike, they seem to be giving preference to people from outside the province and, indeed, in many cases from outside the country altogether. Such new men are not familiar with the agreement covering the projects and they make certain that these men do not stay on the job long enough to become familiar with it. After a few days' work they are laid off and others hired in their places. As recently as June 4 last I received a communication listing some of the problems I have raised and asking advice as to what could be done about them.

Another aspect of the matter which has affected this project right across the country has to do with the rights of way across farm properties. I am reminded, Mr. Speaker, of nothing so much as a wolf pack after the moose in winter; they pick off the moose one by one. Every known device in the selling field is used to have these men sign agreements, often without reading the small print and so on and so forth. The majority of them perhaps feel they could not afford legal advice to interpret the fine print in any event. As a result, they are picked off one by one. It might be wise to give a word of advice to

the farmers who will become affected from now on. I might suggest that they might take an example from the moose and that if they, like the moose, keep together they will find they can protect themselves against the wolf pack.

This leads me to another aspect, probably the most important aspect of this whole question; that is the newspaper headlines which follow this project across Canada. I am speaking particularly of the scandal associated with municipal and provincial authorities right up to cabinet rank. We have seen some evidence of this in the province of Ontario and I believe there are one or two investigations going on in regard to this matter at the present time. The most significant thing about it is that while there are relatively few men who have abused the privileges and trust placed in them by the electorate, the fact nevertheless remains that the innocent are smeared along with the guilty, and it has now reached the stage where it is quite conceivable that the respect and trust in elected officials across Canada will be severely shaken. We have seen what has happened in the province of Ontario and, in the last few days, we have seen that this malignant tree has spread its roots into the province of Quebec—

Mr. McPhillips: On a point of order.

Mr. Deputy Speaker: These grievances, I must inform the hon. member, must be of a federal nature. It is out of order to discuss in this house questions which are of a strictly provincial nature and which have no bearing on the affairs of this house. I must therefore ask the hon. member to confine his remarks to matters of a federal nature.

Mr. Martin (Timmins): I thank the Speaker for the ruling and I would assure the house that it is my intention to show that this matter has very much to do with the federal government. If you will recall, sir, this matter had its start in the federal house during a debate which not only rocked the house but rocked it so that it upset and spilled one side on to the other. It has developed right across the country with other implications of provincial and municipal import which situation, I submit, has very much to do with this house.

Mr. Deputy Speaker: I wish to refer the hon. member to article 234, section (1) of Beauchesne's fourth edition at page 198, which reads in part as follows:

> When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament—

Actually the redress of grievances which are of a municipal or provincial nature does not fall within the jurisdiction of this parliament and I must therefore ask the hon. member to refrain from discussing them.

Mr. Martin (Timmins): I would submit, sir, that this matter has been, is now and can always be under the jurisdiction of this federal house.

Some hon. Members: Oh, oh.

Mr. Martin (Timmins): Had the proper action been taken by this federal government originally none of these things which I have mentioned would have come to pass or, at least, only in a very limited degree. The best thing of all would have been for the house to have taken the proper action in the first place and operated this transmission line for natural gas as a public utility. The second best thing would have been for this present government to have taken advantage of its opportunity to bring the line under public control. The third best thing would be for this government to take the proper and necessary action even at this late date. I would remind hon. members of some words; quoted I believe by Sir Winston Churchill, about sowing the wind and reaping the whirlwind. This parliament has an inescapable responsibility to take action even at this late date to try to restore some of the respect and trust placed in public officials.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to say something on this particular grievance.

An hon. Member: Why?

Mr. Peters: For the very simple reason that I think a lot of Conservatives now sitting on that side do not believe that this transmission line should and will eventually be a public utility in this country. It is quite natural that some hon. member should ask why. Unfortunately in my part of the country we have been concerned with some of the problems surrounding the construction of the pipe line in the past few months.

The pipe line as it passes through northern Ontario is owned partly by the federal government and partly by the provincial government, and I think that many of the responsibilities which should have been accepted in connection wtih its construction have been ignored both by the federal government and by the provincial government of Ontario. Some hon. members may wonder why we wish to discuss this question of the pipe line, but I am certain that many other constituencies both in Ontario and in Quebec will soon be facing the type of difficulty I am about to describe.

When the federal government passed the pipe lines act they included in it a great many

clauses granting privileges to the private companies building the lines, including the right of expropriation. They were granted the right to use a farmer's land with or without his agreement, but in my opinion adequate provision was never made for the rights and interests of those who were forced to give up their land. In my own riding of Timiskaming, when the officials of the company applied for easements they went to the farmers and said: this is only an option, we would like to pay you $5; we would also like to buy four acres of your 160-acre farm, having in mind the fact that the land required was only 66 feet wide and the rest was a linear measurement. At the same time they implied that whatever the farmer might decide; the federal government had already given them the right of expropriation.

I have looked into this question of expropriation to some extent, and I find that the company has been given that right. I have also found that very little protection has been given to the farmer who is faced with expropriation. In this case, although the farmers were inclined to stick together and deal collectively with the officials the pipe line company said they could not do this and that they had no intention of dealing with the farmers in this way. They played one farmer off against another. I think that having given the pipe line company the right to apply for expropriation, the right to easements, we should have given the farmers some protection by setting up an impartial board which would evaluate farm land.

I should like to call attention to a case which happened a few weeks ago in the riding of Timiskaming where a young couple, a veteran and his wife had applied to the Department of Veterans Affairs for money with which to start a tourist camp to be installed on a nice piece of land near a very suitable lake. They had applied to the department and were waiting to hear whether they could get money to start this motel. In the meantime the pipe line company came along with a crew on a Sunday night when people were not normally on that property, cut down the trees, brought in their bulldozers and cleared a stretch 60 feet wide. When the people concerned complained to the officials—the provincial police and other authorities—they were told that there was no redress and that if they wished to start an action for trespass they would have to go to proper legal channels. In this particular case the people had asked the Department of Veterans Affairs to send an evaluator and this official had set a valuation on this property in accordance with the plans which had been prepared for its development many months before, and his valuation of the land, and of the detrimental effect that this pipe line would have on it, was three times what the owners of the property were offered by the company.

I think that when we gave the Trans-Canada Pipe Lines Limited the right to construct this public utility we should have given greater protection to those with whom the company has to deal. It is all very well to tell a farmer that he can take the company to court, but it is my understanding that in the riding of Timiskaming there is not one lawyer who is willing to conduct such cases against the Trans-Canada Pipe Lines Limited. I know for a fact that the attorney general's department is not too willing to press trespass charges against the company, because I have made inquiries and have been informed that they are not willing to do so. The farmers in my part of the country are not sufficiently well off to spend thousands of dollars fighting against something they did not ask for in the first place.

The government of Canada has the responsibility for protecting these people. While I agree that we must allow this public utility to expropriate the land required we must also see to it that the people who are affected receive an adequate amount of money in return. It was accepted by some of the farmers at their meetings that they would be quite happy to settle for a basic sum of $50 an acre. They pointed out that if the company had to pay $200 to clear the land, then if the land had already been cleared, surely it would be worth at least that amount; the amount it would have cost, in any case, to clear. I believe the payment of $50 plus $200, making a total payment of $250, is a fair and reasonable price.

The contract set out certain things that would be done on behalf of a man who sold property. They undertook to close in the trenches and do clean-up work. They went so far as to state that they would seed the ground, grade it and place grass on it thereby making it very nice for the farmer. I understand that has not been done in most cases in western Ontario where the pipe line passed through. I do not think it will be done in Timiskaming because the people agreed to an over-all sum which would include damages and signed away or waived all rights to court procedure with respect to damage. I believe we have an obligation to look at the matter not only for the present pipeline but in order to set a precedent for the future. There is a popular rumour to the effect that it will not be long until a second and third line are put in.

Another problem with which it is difficult to deal is that of labour. We have no objection to United States companies and it is true that many have a large investment, perhaps $3 million worth of equipment. While it is true they should be allowed to bring in from the United States their overseers, foremen and employees above that rank I do not think it is necessary or desirable to allow them to bring in shovel operators, backline operators and workers of that type. In Ontario we have many competent shovel operators and other workers with many years of experience on construction crews. They would be perfectly capable of doing the work and this would obviate the necessity of bringing in men from other countries.

There has been a question raised as to whether this is a matter of federal concern. Certainly the question of bringing in United States workers to work on Canadian pipe lines comes under federal jurisdiction. We are faced with an odd situation when we cannot find out from the Department of Citizenship and Immigration how many United States workers were employed on a particular spread. In the contract governing the employment of workers for the section of the pipe line that is operated by the crown corporation all United States workers must be hired only with the consent of the Minister of Labour (Mr. Starr) but the bulk of the people who have been brought in to work on the pipe line are from the United States. I must admit that we in Timiskaming refer to them as "you-all's". I suppose that is because many of them come from Texas and speak with a southern drawl: "How are you all?" These people do not enter Canada under a work permit. They come as landed immigrants and have no citizenship papers. They can move freely from place to place and stay as long as they wish. When a job is finished they can return to the United States to pursue their occupation elsewhere.

It is interesting to note how those charged with the responsibility of hiring employees to work on the pipe line avoid the use of the unemployment insurance offices. I believe that people seeking employment on construction jobs should not be required to line up in front of a construction shack at six o'clock in the morning while the boss comes out, strolls up and down, and says, "You and you and you work today; the rest of you be back here at six o'clock tomorrow morning." I can remember occasions like that when I went to work in the mines of northern Ontario at the end of the thirties and the beginning of the forties. Management thought it was wonderful to have 300 men lined up at the gate seeking to fill two vacancies. I thought those days had passed for all time.

One of the failings of the unemployment insurance commission is that it cannot guarantee that a man sent to a job as a shovel operator, for instance, is fully qualified in his occupation. We have no system in Canada under which we can determine who is and who is not qualified for a particular job. It frequently happens that a man sent to a job who has five or six years experience in his occupation is told by management at the end of half an hour that he is not qualified to do the work or has insufficient experience and someone is brought in to replace him who might have been employed by the company on a previous occasion, perhaps in western Canada. The unions are unable to do much in this regard because they are not in close contact with the situation. In most cases they have hiring clauses in their contracts but they are not in a position to say that a man is qualified for a particular assignment and when a company says he is not qualified that is usually the end of the matter.

It has been said there are not sufficient trained welders in Canada, and that this accounts for their working double shifts. If we have not a sufficient number of qualified welders in Canada I say it is a disgrace to the people of this country that we should not be capable of suitably training people to do this type of work.

I would like to discuss the common labourer for a moment. Surely no one would contend we have an insufficient number of these men or that they are required to work double shifts. Many of these men who earn $1.25 an hour are working 70 or more hours each week. In view of the serious unemployment situation that exists in northern Ontario we should be able to enforce a 40-hour week for common labourers and thus employ two people on a job where we are now employing only one. This would not mean delaying the pipe-line contractors. Indeed this would be undesirable as they have a short season and must accomplish as much as possible during good weather. However, a swing shift system would offer employment to many people who are seeking it and each common labourer could do a reasonable amount of work and we could perhaps employ two or three men where we are now employing only one.

The matter of working on Sunday has become a great problem deserving the attention of the federal government. We have piously enacted the Lord's Day Act which sets out that no work should be done on Sunday if the operation is not continuous but we do not see fit to enforce the provisions of this legislation. I am pleased to state, however, that the townspeople in my area have taken matters into their own hands. They went out

on Sundays when they did not have very much to do themselves and made such a fuss about it with the contractors that the contractors have now shut down except for maintenance work on Sundays.

These are questions we as Canadians are going to have to face. If transmission lines are to be built across Canada then we should have regulations to protect the Canadian people. My colleague, the hon. member for Timmins (Mr. Martin) mentioned the fact that this line would have been more satisfactorily handled if it had been entirely done through a crown corporation. I believe this truth will be borne out in time based on the success we had in putting through the line in the northern Ontario section which is now owned jointly by the federal and provincial governments. The work progressed very rapidly and the Department of Defence Production has done an exceptionally good job in this field. The problem of stock distribution could have been prevented if we had seen fit to make the entire pipe line a public utility.

I would urge the federal government to give full consideration at least to this matter of controlling the price, setting up the board of transport commissioners to control the price of gas coming through northern Ontario. As everybody knows, northern Ontario has now progressed past the original state of development where it depended on and could live off its natural resources. We are now sorely in need of secondary industries. While in the town of Timmins a unit of gas is quoted at $2.40, yet in the city of Cornwall, which will be another 500 miles along the line, that same unit of gas is being quoted at $1.40. The board of transport commissioners could do a great service to the people of northern Ontario by making gas as readily and as cheaply available as possible to encourage the introduction of new industries. I urge that some control be exercised over pipe lines in general and the trans Canada pipe line in particular, and that before we grant a licence to another pipe-line company to build a line across Canada we insist on some protection for the workers and the farmers who will be directly affected by the line.

I would point out that this is not a radical change for the Conservative government because only a year or so ago while in opposition the members of the Conservative party were pleased to support a different policy on natural gas. I would strongly urge that they consider now the implementation of that policy.

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

[Mr. Peters.]

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF JUSTICE

157. Departmental administration including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $592,290.

DEPARTMENT OF TRADE AND COMMERCE

391. Departmental administration, $739,086.

DEPARTMENT OF TRANSPORT

414. Departmental administration, $2,144,060.

DEPARTMENT OF PUBLIC WORKS

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

329. Newfoundland, $3,461,474.

The Deputy Chairman: This item will be found on page 67 of the book of estimates, the details on page 464 in the same book. Shall vote No. 329 carry?

Mr. Carter: Last Friday while we were on this estimate I raised the question of specifications in relation to the fact that certain products may be mentioned by name and would therefore preclude other products from being used even though they may serve the purpose equally well. I wonder whether the minister has had an opportunity to look at the specifications regarding the two buildings now being constructed in St. John's? We are anxious to use as much of our local products in these buildings as we possibly can. We can supply excellent doors and interior finishes, and I wondered whether the minister would table or read into the record that section of the specifications which actually call for certain specific materials to be used. Perhaps the minister can do that at some later date; I know he cannot do it at once. If he would do that I would personally like to see how those specificatons are worded because, even though there may be an escape clause which would permit other products to be used, if one product is specifically mentioned it can be interpreted by the contractor as being the first choice, and any other substitutions would perhaps be regarded as to be used only if the former were not available.

This is a very important point as far as Newfoundland is concerned, and I do hope the minister will be able to give us all the information possible on this point. Before I sit down I would like to bring to the attention of the minister and through him to his colleagues in the government—because this will

concern the cabinet as a whole—a situation which has developed in Newfoundland due to the difference in policies in regard to public buildings before and since Newfoundland joined confederation. Before Newfoundland became a province of Canada the construction of public buildings was the responsibility of the provincial government, and they had a very simple policy which was based mainly on the size of the community, and also on the fact that in Newfoundland we had a special situation with respect to post offices and telegraph offices. These two services were combined into a single service prior to Newfoundland becoming a province of Canada and as it was not suitable for those services to be performed in private homes the provincial government built a public building in the community for those services.

Mr. Browne (St. John's West): That was not so everywhere.

Mr. Carter: My hon. friend can tell his story after I have finished; I am going to tell mine. After Newfoundland became a province of Canada, the maintenance and the construction of public buildings became the responsibility of the federal government. The federal government has a different policy altogether. For example, post offices are built only in communities where the revenue from the sale of stamps is around $10,000. You have to have a very large fishing community to have stamp sales of that magnitude.

The situation which I wish to bring to the minister's attention is this. In a community of about 200 or 300 families before confederation that community would have a public building of its own, a small public building for the post office department and for the telegraph office.

Mr. Browne (St. John's West): Can you name some of them?

Mr. Carter: Yes, Bay L'Argent, is one; Burgeo is another; Gaultois is a third in my riding. I could name dozens of those places. The point I want to make is that where those buildings had to be replaced they have been replaced by the federal government and have been improved upon. If my hon. friend wants an example I can give him a beautiful example which the minister himself mentioned, namely Harbour Buffett. Harbour Buffett is an example of a public building in a small community of about 500 people. The time came when that building had to be replaced, rebuilt, and now, as the minister pointed out last Friday, a very nice public building is being erected in Harbour Buffett, which is far better and a great credit to the minister, to his department and also to the federal government which provided the funds for it prior to the general election of June 10.

We have in this community a very fine public building but the point is that in my own riding and in Newfoundland generally there are many other communities of the same size that did not happen to have public buildings prior to confederation and under the present policy of the federal government these communities cannot get a separate public building. I hope the minister will look into that situation to see what can be done so that we may have a uniform policy in Newfoundland with respect to public buildings.

Mr. Green: I am sure the hon. member will realize that we have no responsibility for providing accommodation for the provincial government.

Mr. Carter: That is not my point at all.

Mr. Green: I understand that some of these buildings to which he has referred would accommodate provincial government offices as well as federal. We have no responsibility for that. The hon. member said that we do not accept any liability to erect a building unless there is a postal income of $10,000 a year. That is not correct either. The figure is $3,000 a year. Below $3,000 the Post Office Department makes its own arrangements. With regard to specifications, the department would be very glad to have the hon. member examine the specification forms which were used. They are much too long to read into *Hansard*. We do not make a practice of setting out trade-marked goods in the specifications. I agree with him that would be unfair. Specifications are supposed to be drawn in broad terms so that the product of any company can qualify and no favour is shown to one supplier over another.

Mr. Tucker: As found on page 1145 of *Hansard* of June 13, the hon. member for Mackenzie River asked the Minister of Public Works this question:

> On the question of local labour, is there any way in which the minister could write into the contract that a certain percentage of local labour must be used?

This was the minister's reply:

> This is actually written into the contract.

I would be grateful if the minister would advise the house if this clause relating to the hiring of local labour is being strictly adhered to.

Mr. Green: It is supposed to be and if the hon. member knows of any instances where it has not been adhered to I would be very grateful if he could let me know.

Mr. Tucker: I believe the hon. member for Burin-Burgeo referred to such cases a few days ago.

Item agreed to.

592. Newfoundland, $116,000.

The Deputy Chairman: This vote is found on page 9 of the supplementary estimates and has to do with Newfoundland.

Mr. Bourget: Mr. Chairman, when estimates have been discussed in the past the practice has been to discuss the main estimates and then to take up the supplementary estimates. Otherwise we have a lot of books on our desks and it is very hard for us to follow. Of course, we are alone. We have not got the help that the minister has in front of him. I do not mind too much but I think it would help other members.

Mr. Green: I understand that upon some occasions at least the present procedure has been followed of taking the estimate in the main estimate book and then the supplementary estimate covering the same appropriation. This question was raised by the hon. member for Bonavista-Twillingate on Friday and we have already dealt with the administration item on this basis. I really do not care one way or the other but I think this does give a more accurate picture of the money that is being spent, for example, on buildings in Newfoundland.

Mr. Bourget: From reading the discussion that took place last week I think the hon. member for Bonavista-Twillingate agreed in the case of the administration item but that is quite a different situation. Here we have many supplementary items and for that reason I think we should discuss them in the way I have suggested. I am not saying this to delay the passing of the estimates. I think it would help private members if we dealt first with the main estimates and then came back to the supplementaries.

Mr. Green: The hon. member will see that on page 464 of the main estimate book a certain number of buildings are listed under the heading "Newfoundland", and in the supplementary estimates there are three additional buildings in Newfoundland listed on page 27. I think it is a tidier way to deal with all the estimates having to do with buildings in Newfoundland at one time rather than to deal with those listed in the main estimates tonight and when the estimates come up again deal with the three buildings in the supplementary estimate.

Item agreed to.

[Mr. Green.]

332. New Brunswick, $1,625,000.

Mr. Robichaud: Mr. Chairman, I realize that the Minister of Public Works, as have other members of the cabinet, has become accustomed in the last few weeks to hearing members on this side of the house talk about the downward trend affecting most business in Canada. Fortunately or unfortunately we have an exception in Gloucester county. We have a certain kind of business where the clients have practically doubled since June 22 of last year. The clients are so numerous now that new quarters have had to be rented in the last three months. What I have in mind is the local unemployment insurance office. There is an item for a public building in Bathurst. Has the Minister of Public Works received representations to the effect that the quarters to be supplied for the unemployment insurance commission office in this new building will be too small?

Mr. Green: The hon. member will notice that on page 465 there is a vote of $150,000 to be spent this year for a public building at Bathurst. So far as the department is aware that building will be ample to meet the requirements. As of the end of May the building was 60 per cent completed.

On Friday the hon. member for Northumberland-Miramichi had something to say about the federal building at Newcastle. He tried to base an argument on it that we were not really accelerating construction at all. The situation at Newcastle is this. In the first place, the mayor of that famous old town and several of the members of his council came to see me last fall and asked that the building be moved back, I think it was 10 or 15 feet. I agreed that that should be done in order to help them and to co-operate with them.

Then when the contract was let and the work commenced, it was found that there was water trouble in the excavation, and that has been the reason for the delay. There has been a great deal of difficulty in connection with water. I happened to visit Newcastle—

Mr. McWilliam: I am aware of that, during the campaign.

Mr. Green: I hope the hon. member felt my presence. I had the pleasure of visiting Newcastle during the election campaign and I noticed that the building was not getting ahead as I had hoped it would. When I passed through Ottawa on my way back to the west coast I made a very strong complaint about the fact that the building in Newcastle seemed to be held up. Actually the trouble arose from the water in the excavation. We do run into difficulty of this kind, and

certainly the department is anxious to get that building completed just as quickly as possible. I understand that as of the end of last month it was about 13 per cent completed. There is a very substantial vote for the building, $100,000 in the main estimates and $130,000 in the supplementaries, a total of $230,000 which we expect will be spent in Newcastle within the present fiscal year. The hon. member, therefore, is really not doing too badly.

Mr. McWilliam: Mr. Chairman, I sort of expected the answer the minister was going to give me and that is why I prefaced my remarks by certain quotations which appear in *Hansard*. When he says the building is 13 per cent complete, I may say that I saw the site of the proposed construction some two weeks ago and if the building was 13 per cent complete it is going to be a very small building. It will not take very much money to construct it.

In so far as the delay is concerned, I know that the mayor of the town was in Ottawa and spoke with the minister about moving the building back 10 feet. A question was placed on the order paper asking if this would entail any great change in plans, and the answer given by the department was no. The answer was given last fall. During the winter months there was no sign of activity at all around this building site. However, I do not wish to make an issue of this. The minister has said that they are going to proceed with the building now, and I trust that they will.

I should like to ask him one or two questions with regard to the building. Has there been any target date set for the completion of the work? I should like to know also if there is an estimate of the total cost. Another matter I wish to bring up is that when the plans were examined some representations were made concerning inadequate space for the unemployment insurance commission. I believe also there were local protests from the post office officials that the working space allotted the post office was too small. If I recall correctly, I think it was proven to the people who made the representations that the space was adequate for the moment. I have never heard any report about what took place concerning the representations—I do not even know if they reached Ottawa—made by the unemployment insurance commission that their space was too small. Perhaps the minister could advise me on these three matters.

Mr. Green: We expect to have the building completed by fall.

Mr. McWilliam: This fall?

Mr. Green: This fall. There was a request received from the unemployment insurance commission for increased space, and a readjustment has been made of the area within the building in order to meet this request.

Mr. Robichaud: Coming back to the Bathurst public building, has the department received a complaint from the unemployment insurance commission or the Department of Labour that the space reserved for the unemployment insurance office is too small?

Mr. Green: The answer I gave a moment ago had to do with Bathurst, apparently, and not Newcastle. I understand we have had no request from the unemployment insurance commission for an increase in the space allotted at Newcastle.

Mr. Robichaud: You had some from Bathurst, then?

Mr. Green: Yes, an additional space was allotted.

Mr. McWilliam: Did I understand you to say you did not have any representations from Newcastle? There was some confusion between the two.

Mr. Green: I will have the answer to that in a minute.

Mr. Robichaud: Out of this total amount for vote 332 of $1,625,000 for public buildings in New Brunswick, and I understand $380,000 in the supplementaries, is it not true that the only new construction is $200,000 for Grand Falls and $75,000 for Campbellton?

Mr. Green: The new items are Grand Falls, Campbellton and at Saint John, accommodation for the standards division, Department of Trade and Commerce.

Mr. Robichaud: All the others are items for projects that were started last year?

Mr. Green: The others are all items which were included last year, but as I pointed out the other day the construction of those has been accelerated.

Item agreed to.

333. Quebec, $9,477,000.

Mr. Bourget: Mr. Chairman, last week when I spoke on the first item I said in committee that I was surprised that members from Quebec city could not see an item for the Quebec post office. I should like to ask the minister if the government, since it has taken office, has taken steps to try to get an agreement between the city of Quebec and the Canadian National?

Mr. Green: Before I go on to deal with that situation I now have the report with regard

to the request for space for the unemployment insurance commission at Newcastle. The position there is exactly the same as in Bathurst. The commission did request additional space and a readjustment was made by the Department of Public Works in order that this space will be allocated for the commission.

Mr. Robichaud: Would the minister be prepared to provide more space for next year, because it will definitely be needed?

Mr. Green: No, we expect the present government will be in office next year and that additional space will therefore not be required. It was only required last time because we took over from the previous government.

With regard to the building in Quebec city, this has caused great concern because we are particularly anxious to get ahead with this building. As the hon. member for Levis knows, the Department of Public Works has a site but the planning commission of the city of Quebec would not let us build a federal building on that site. Shortly after I became minister I wrote to the mayor of Quebec asking for an early decision on this aspect of the question.

Mr. Bourget: Could the minister give me the date of that letter?

Mr. Green: I have not the date here but it was some time last fall and I pointed out our desire to get on with the building as quickly as possible and then, on December 30, the mayor replied requesting a meeting. We met with him in Ottawa on January 27 and it appeared during that discussion that a stalemate had been reached in the negotiations between the railway and the city with respect to the exchange of land. The city wanted to have this federal building on a site owned by Canadian National Railways and we suggested that the federal government should bypass the C.N.R. property and exchange our site for a property further to the east which could be acquired by the city without involving either the Canadian National Railways station or the track. This suggestion seemed to find favour with the city officials as did our suggestion that any exchange of properties would be on a value for value basis. On February 25 we repeated these proposals and again expressed the need for early action. On March 16 the mayor advised us that no decision was possible before April and, to date, we have had no further word from the mayor of Quebec.

We have, however, had a verbal communication to the effect that the Canadian National Railways was prepared to demolish its station and to make the land available for construction of a federal building provided the city would agree that buses could be substituted on the Quebec city-Ste. Anne de Beaupre run. My understanding is that the city of Quebec also has this information but we do not know what progress has been made with respect to reaching an agreement with Canadian National Railways. That is the way the matter stands at the moment. We are only too glad to do everything we can to facilitate the construction of the building, but we cannot force the Canadian National Railways to demolish its station and give up the land.

Mr. Bourget: Would the minister tell me whether the Canadian National Railways is still asking the same price for the site where the old station is located? I have a distinct recollection that they were asking about $540,000.

Mr. Green: The department has never been given information concerning the amount the Canadian National Railways was asking for the site. It is between the city and the Canadian National Railways.

Mr. Bourget: I think the minister will find the information on the file, if I remember correctly. I did, of course, take a special interest in this matter because it is near my home town and I do remember that the figure was $540,000. In any event, I would ask the minister if he would take some steps to try to get the C.N.R. and the city together. He could also obtain the help of the Minister of Transport, which I think was the policy followed by the previous government, in endeavouring to get the two parties to reach an agreement. My fear is that otherwise a generation will pass without the city of Quebec having its federal post office built.

Mr. Green: We cannot force the hand of the Canadian National Railways and, incidentally, we could build the building on the site on the other side of the station if the city officials were agreeable.

Mr. Bourget: I know that the minister cannot force the C.N.R. but he does know from past experience that we are paying deficits for the C.N.R. and certainly with the help of the Minister of Transport I think he could do a lot to get the two parties together. Even the Prime Minister could assist in this regard as did the previous prime minister. In this connection I know that the former prime minister in the last few months of his administration took steps to even see the president of the Canadian National Railways. The minister is well aware, as is also the Postmaster General, that this building

is very badly needed. I am not in any way blaming the minister, but I do make this suggestion because if this matter is left entirely in the hands of the city I do not think the city would have the money to pay the amount asked by the Canadian National Railways.

Mr. Green: We wrote to the mayor just a few days ago asking for an up to date report on the situation and we again reminded him that we would like to get this building started. As the hon. member has pointed out, the former prime minister tried to get this project under way but he was not successful, so the hon. member must not now be too hard on us.

Mr. Bourget: I am not too hard, I am just trying to make a suggestion because the minister said he was a kind of miracle man who was going to try to have all these projects started this year and he even said that 97 per cent of his estimates had been spent.

An hon. Member: Make your suggestion.

Mr. Green: If the hon. member will admit that I am a miracle man I will get his post office under way.

Mr. Bourget: I did not say he was a miracle man, I said he pretended to be one, which is quite a different thing.

Mr. Pickersgill: The minister now has a chance to prove it.

Mr. Bourget: There is another item which I would like to mention, namely the purchase of the Marconi building in Montreal for $132,000. Might I ask the minister if an appraisal has been made in connection with the purchase of that building?

Mr. Green: This building was hired from a crown corporation, the Canadian Overseas Telecommunications Corporation. I have not got the information for which the hon. member is asking at the moment.

Mr. Bourget: Perhaps the minister would be good enough to tell me later if an appraisal has been made. I see an item which reads: Public building at Plessisville—to complete —$50,000. Could the minister tell me when tenders were called to complete that particular building?

Mr. Green: There were two tenders called. On the first call, the lowest tender was $140,-970 to a firm by the name of Savard Limited. A thorough investigation of this tender was made by the department and it was found that the firm was primarily engaged in road construction and that the experience of the superintendent in charge of this project had been mostly in the field of concrete bridge construction and that his experience of building construction was extremely limited. Inspection of the buildings constructed by this firm during the last four years revealed that in each case the workmanship was of inferior quality. As a result, the department decided to reject the lower tender and issue a new call for tenders. New tenders were called the lowest of which was from a firm called J. O. Lambert Inc. of Quebec city at a figure of $137,662. It is very rarely that this has to be done but there are occasions when for one reason or another it is unwise to accept the lowest bid. In each case where the low bid is not accepted it is necessary to get the approval of the treasury board.

Mr. Bourget: When the first tenders were called, was there not another company which tendered?

Mr. Green: Yes, there was a tender from the firm of Poudrier and Boulet Limited of Quebec city at a figure of $149,970.

Mr. Bourget: Could I ask the minister why a contract was not awarded to that second firm which was then the lowest tenderer.

Mr. Green: I am getting further information.

Mr. Bourget: Can the minister give me the figure of the company that got the contract the last time the tender was asked?

Mr. Green: Yes, the company which was low on the second tender called bid $137,662. That is about $3,000 lower than the low tender the first time.

The Chairman: Shall the item carry?

Mr. Bourget: I am awaiting an answer to my question asking why the contract was not awarded to the second low bidder in the first instance.

Mr. Green: I am getting that information from the officials.

Mr. Bourget: While a search is being made could I ask the minister when the tenders are going to be called for with respect to the public building at St. Georges.

Mr. Green: The department requires some additional information concerning the site. Plans are only about half completed, but it is hoped that the call will be made in about six weeks time.

Mr. Bourget: May I point out to the minister that this is a very bad policy on his part if he wants to reach the 100 per cent mark next year, because if the site is not settled he may find himself in a position where he cannot build.

Mr. Green: The site has been settled but there are some survey details in connection with the site which have not been settled.

Mr. Bourget: Have the plans been started on that building?

Mr. Green: I said the plans were about half finished. I am now informed they are about 60 per cent completed.

Mr. Bourget: May I ask the minister if the department itself is preparing a plan or if an outside architect is preparing it?

Mr. Green: Plans are being drawn up by the department. The reason there was a new tender called for the building at Plessisville is that it was considered that the second tender on the first call was too high. The hon. member will notice that as a result of the second call the price has been brought down by over $12,000.

Item agreed to.

334. Ottawa, $18,918,000.

Mr. McIlraith: Mr. Chairman, I wonder if the minister is now prepared to make the statement he said he would make concerning the policy of the government with respect to building on the central experimental farm. The minister will recall I raised this question the last time the estimates were before the committee.

Mr. Green: The policy is that no buildings will be built on the central experimental farm except buildings for the Department of Agriculture.

When the estimates were up for the first time there were some complaints from the hon. member for Port Arthur about the esthetic qualities of the buildings being erected in Ottawa. I am sure he will be pleased to hear that in each case the Department of Public Works must obtain the consent of the federal district commission to the plans of buildings to be erected in Ottawa. We are very anxious to have buildings that will maintain the architectural standards of the city.

Mr. McIlraith: If I may pursue the first question a bit further, has the minister come to any conclusion as to what will be done with the land on the experimental farm now occupied by the temporary buildings when they are removed?

Mr. Green: I take it that the hon. member for Ottawa West refers to temporary buildings Nos. 5 and 8. For some years the policy has been that when these temporary buildings are torn down nothing will be constructed on the site.

Mr. McIlraith: I want to commend the minister for continuing the policy set out a few years ago by the Liberal administration in that regard. I believe he will agree it is a very satisfactory policy.

I take it from the minister's answer to the hon. member for Port Arthur about the design of buildings that he is also continuing the policy of the Liberal administration that public buildings in Ottawa would have the approval of the federal district commission as to exterior design?

Mr. Green: Yes, we have to obtain the approval of the federal district commission.

I now have an answer to the question concerning the Marconi building in Montreal. There was no appraisal by an independent appraiser. The cost of this building to the crown corporation was $275,000. We bought it for $130,000 after an appraisal by officials of our own department and it was considered that we got a very good deal on it.

Mr. Bourget: From the crown company?

Mr. Green: From the Canadian Overseas Telecommunications Company.

Mr. Herridge: Mr. Chairman; I remember when the minister was in opposition he was very much concerned at that time about proposals to demolish the west block, I think because of some association his party had with that building over a long period of time. Could the minister inform the committee now whether it is the policy of his government to decimate this block, to rehabilitate it or to recreate it?

Mr. Green: I can assure the hon. member that as long as I am Minister of Public Works the west block will not be demolished.

Mr. McIlraith: Mr. Chairman, I wish to ask the minister a question concerning the Riverside drive development ancillary buildings including power plant for which there is an item in the amount of $1 million. Would he tell us what those ancillary buildings are and what ancillary work is covered in the details of this item?

Mr. Green: Mr. Chairman, this amount is required for the construction of a power plant, a booster pump house and a telephone building or PBX—I think that means telephone exchange—to service the buildings to be erected in the Riverside drive development.

Mr. McIlraith: Just two or three more questions, Mr. Chairman. What is the target date for completion of the office building for the Department of Public Works for which there is an amount of $2¾ million?

Mr. Green: October 1959. We are very anxious to get into that building as quickly as possible. The hon. member will notice

there is a supplementary vote for this building of $1¼ million. This is one building the construction of which certainly has been accelerated. It is going ahead much faster.

Mr. McIlraith: Mr. Chairman, I will not criticize the minister for his interest in this particular building but I want to ask some questions about the Department of Trade and Commerce building. What is the expected date of completion and occupancy of that building? There was some financial difficulty on the part of the contractor. Would the minister tell the committee what was done when the department had to step in, whether or not further tenders were called and how the matter was handled?

Mr. Green: This is another building the construction of which has been greatly accelerated, the hon. member will be glad to hear, and we expect to have it finished by September of this year. The original contractor went into bankruptcy last fall. We called for tenders for the completion of the building on a management fee basis and it looks as though we will be able to complete it without taking any loss on the original contract price.

Mr. Bourget: Mr. Chairman, may I ask the minister when tenders are going to be called for the much delayed building for the Post Office Department in Ottawa?

Mr. Green: This is another project which has been accelerated. Tenders for the cafeteria are being called at once, and for the main building within six weeks.

Mr. Bourget: On that point, Mr. Chairman, may I tell the minister that at the end of May, 1957, 55 per cent of the plans were already drawn up and if the building was not started last year it was the fault of the new administration, because those who know something about drawing plans and specifications can tell the minister that when 55 per cent of the plans are ready it does not take more than two or three months to complete the plans and call for tenders.

Mr. Green: The hon. member has been watching the Department of Public Works from a long way off in the last year.

Mr. Bourget: I have a good memory.

Mr. Green: The facts are that we have had to drive the architect very hard in order to get the plans completed at the present time to call tenders.

Mr. Bourque: I see no appropriation here for the west block. Is it the intention of the government to remodel or do anything with the west block?

Mr. Green: There is no money in the estimates for the west block.

Mr. Bourque: Do I understand that nothing is to be done with the west block?

Mr. Green: Yes, planning is being done in connection with the changes which will be necessary.

Mr. McIlraith: Where is the item for the planning?

Mr. Green: That comes under the planning vote.

Mr. Pickersgill: Can the minister say when he hopes to get started on the national library?

Mr. Green: We plan to start the national library early in the next fiscal year.

Mr. Bourget: There is $600,000 to complete the trade and commerce building. If my information is correct, the prime contractor went bankrupt. Is that right?

Mr. Green: I explained that.

Mr. Pallett: You should have come in earlier.

Item agreed to.

335. Ontario (other than Ottawa), $13,040,000.

Mr. Houck: I would like to ask the minister a question about the new post office at Niagara Falls which was promised in the last election campaign. I realize that the minister—perhaps I had better state his officials—has a gigantic job on his hands trying to satisfy different groups with respect to the site for that post office. Therefore, I am dividing my question into three parts. First, has a site been selected; second, is money appropriated for this new post office in the estimates; third, will it be started this year?

Mr. Green: Mr. Chairman, the difficulty in Niagara Falls is that there are four different groups fighting about the site for the post office.

Mr. Houck: I said that.

Mr. Green: The hon. member could give considerable assistance to us, if, with his great good nature and his many friends in that city, he could arrange for those different groups to get together and agree on a site. This is a difficulty we encounter quite frequently. We do not like to go ahead and erect a building on a site to which a large number of people object, and Niagara Falls has given us one of our worst problems in this connection. If we could get agreement on a site we would get on with the building right away.

Mr. Houck: I would be very happy to co-operate and give some advice if I was on that side of the house.

Mr. Green: We would be very happy to have the hon. member here on this side.

Item agreed to.

336. Manitoba, $1,695,000.

Mr. Forgie: I should like to revert to item 335, "Ontario (other than Ottawa)" just for a moment to inquire what the $50,000 allotment for Deep River refers to.

The Deputy Chairman: Has the hon. member permission to revert to item 335?

Some hon. Members: Agreed.

Mr. Forgie: I would like to know what the item of $50,000 is for. Is it for a post office?

Mr. Green: This amount is required for the construction of a public building to provide improved accommodation for the postal service.

Mr. Forgie: Has a site been chosen for the post office?

Mr. Green: Tenders for the building will close on July 9.

Mr. Forgie: Has the site for this building been chosen?

Mr. Green: The site selected for the building is the north corner of the Deep River road and Hillcrest avenue. This property is owned by Atomic Energy of Canada Limited and will be transferred to the Department of Public Works for a nominal sum.

Mr. Forgie: Is it an extension of the existing post office?

Mr. Green: No; I am instructed that it is a new building.

Mr. Smith (Calgary South): As grateful as we are in our city for the post office promised for some nine years by the former administration but never achieved, could we have some indication as to the extent to which the $1 million will cover the entire appropriation for the completion of that post office.

Mr. Chevrier: This item has to do with Manitoba.

Mr. Green: Mr. Chairman, the hon. member is several items out of line.

Mr. Smith (Calgary South): I will reserve my question until we come to the item.

Item agreed to.

[Mr. Green.]

338. Alberta, $1,847,000.

Mr. Smith (Calgary South): May I now address the same question to the minister.

Mr. Chevrier: The answer is the same.

Mr. Green: Mr. Chairman, the plans for this building are about 98 per cent completed. The hon. member knows or should know that it was necessary to do a demolition job. The contract for the demolition was let in March and the job was to be finished late in April. The total cost of the building is to be approximately $2,900,000 and the estimated requirement for this fiscal year is $1 million.

Mr. Smith (Calgary South): Mr. Chairman, perhaps I can help the minister by telling him that the demolition job is completed. My question was with respect to the expected date of completion of the post office.

Mr. Green: The post office will be completed in one and a half to two years. I can assure the hon. member that this job will be done very much faster than it would have been done under the former government.

Item agreed to.

Mr. Jones: Mr. Chairman, if I may have permission I should like to refer to vote 599. It slipped through somehow.

The Deputy Chairman: Has the hon. member leave to discuss vote 599?

Some hon. Members: Agreed.

Mr. Jones: How long is it estimated that the construction of the post office in Saskatoon will take once tenders have been called, and when does the minister expect that tenders will be called?

Mr. Green: We expect that it will be about two years before the building is completed.

339. British Columbia, $2,010,000.

Mr. Herridge: Mr. Chairman, I have been waiting all day for this vote. About three years ago the former government purchased some property in Nelson with a view to erecting a very much needed building for the Royal Canadian Mounted Police. I understood that the building was to cost about $300,000. Can the minister inform the house whether there is any item in the estimates to provide for its construction and, if so, when will construction likely commence?

Mr. Green: The hon. member referred to a building for the R.C.M.P. in Nelson?

Mr. Herridge: Yes.

Mr. Green: Plans are under way now and we should be able to start construction about the month of October.

Mr. Herridge: Is there provision in these estimates for that work? I cannot find the estimate.

Mr. Green: This is an example of work which is being done for another department. The vote for this building will be in the R.C.M.P. estimates. The vote does not appear in the estimates of the Department of Public Works.

Item agreed to.

340. Yukon and Northwest Territories, $2,458,400.

Mr. Hardie: Mr. Chairman, I should like to ask the minister about the items for Aklavik East Three. I notice that of the whole vote $1,651,400 is for housing for federal government employees and then there is a public building. Is there nothing for the hospital and school at east three or is it carried in the estimates of some other department? Is the Department of Public Works doing this job?

Mr. Green: The items for the hospital and school will be under national health and welfare and northern affairs.

Mr. Hardie: But the work will be done by the minister's department?

Mr. Green: We do the work but the money is provided by these other two departments. One provides the money for the school and the other the money for the hospital.

Mr. Hardie: Have tenders been called for the items shown here and for those in northern affairs and national health and welfare estimates?

Mr. Green: Yes, tenders have been called recently for these projects.

Mr. Hardie: Is it the intention of the government to complete all construction this year on the east three townsite?

Mr. Green: I understand that all of the construction in this project will not be completed during the present fiscal year. It was understood that it would take two to three years to complete the project.

Mr. Hardie: When travelling round my constituency a few months ago I was told that even to complete the work this year on Aklavik East Three would require the bringing in of 800 men from Edmonton and other places outside the Northwest Territories. Is this true or is it not?

Mr. Green: No, we do not believe that there will be that number of men brought in. We are co-operating with the Department of Northern Affairs and National Resources in order to get every possible local man who can be found to work on this project.

Mr. Hardie: By "local" does the minister mean from Aklavik or from the whole of the Mackenzie river district?

Mr. Green: Men from Aklavik will have first priority and then men from the Northwest Territories, both ahead of men from the provinces.

Mr. Hardie: With respect to the contracts that have been let up to now, what percentage is written into them to cover local labour?

Mr. Green: There is no percentage written into the contract, but the terms do provide that local labour must be given a preference.

Mr. Hardie: How does the department have any control over how many men the contractor may bring in from outside? How does the minister or the department regulate this business of local labour as against labour from all over the province? Do you wait until they are all in there and somebody in Aklavik squawks, then ship them all back out?

Mr. Green: The method followed is for the Department of Northern Affairs and National Resources to indicate how many men are available in the territory, and then any additional numbers that are required can be brought in from outside.

Mr. Hardie: Has the Department of Northern Affairs and National Resources given the Department of Public Works the number of men available for this job?

Mr. Green: The other department is working on this question at the present time.

Mr. Hardie: At the present time—there have been men coming in for the last month or so from Edmonton.

Mr. Green: The men who have been coming in from the outside are supposed to be technical supervisors and foremen. At the present time, the main contract has not been let.

Item agreed to.

341. Improvements generally—not more than $25,000 to be expended on any one project without the approval of treasury board, $700,000.

Mr. Pickersgill: I am not going to take any time at all on this item. I want to congratulate the minister upon increasing the amount of this vote. I just want to suggest to him that if he has any difficulty finding other buildings worth less than $25,000, I would strongly recommend Hare Bay and Gambo, which I mentioned on Friday. He might also have a look at Port Blandford.

Mr. Green: Will the hon. member promise to show a great deal more gratitude than he did for the Wesleyville post office?

Mr. Pickersgill: I am most grateful to the minister for the Wesleyville post office.

Mr. Herridge: I should like to ask the minister if there is any provision for smaller buildings in Kootenay West in this estimate?

Mr. Tucker: I would like to ask the minister to give consideration to a post office at Port Rexton and Little Kettle Island?

Mr. Green: The small buildings do not come under this vote. They come under vote 369.

Mr. Hardie: I noticed that in the supplementaries under northern affairs there is an item for $3,500,000 for construction, acquisition of buildings, works and equipment. I imagine that this work would be done by public works. Can the minister give us a breakdown of that item?

Mr. Green: No, Mr. Chairman, this is a vote of the other department. We are not in a position to give any breakdown or discuss that in our estimates.

Mr. Hardie: Is this department doing the work under this particular item?

Mr. Green: We do not have the details of this vote here, so I am not in a position to say whether or not we are doing it or part of it.

Mr. Hardie: How do we get any information if public works, the people who are doing the job, cannot give us that information now?

Mr. Green: That can be ascertained from the Minister of Northern Affairs and National Resources when his estimates are under consideration.

Mr. Bourget: The minister will recall that in past years he was extremely critical of this item. I am glad that he is now putting that item of improvements generally in the estimates, and has increased the amount this year from $300,000 to $700,000. Once again this shows that he is following exactly the policy established by the previous administration. I am tempted to remind the minister that on April 13, 1956, he said that this figure was a fictitious figure and also that it was a strange procedure. Now that he is facing responsibility, he realizes that the item we put in there, and which he has retained, was a good one. He is following the good policy that was established by the previous minister. If he has any success it is the result of the fact that for four years previous ministers have established good practice in the department.

Mr. Green: I admit I am learning something every day. We are trying to follow the better policies of the former government, but unfortunately there are not very many in that category.

Mr. Bourget: Can the minister give us the reason why this item has increased this year by $400,000? If he looks at the details on page 471 the actual expenditure up to January 1, 1958 amounted to $262,000, and it is estimated that for the balance of the year $37,000 will be needed, making a total of about $300,000. I know the minister has not got the figures for the present year, but will he give us a breakdown for the past year?

Mr. Green: I am rather surprised the hon. member would ask this question because this is one increase that was designed to give jobs to Canadians, and it has been very effective in doing that.

Mr. Bourget: The minister has not answered my question at all. I was asking for a breakdown. It is peculiar that there are so many items for which the government says they are giving jobs, nevertheless last month we had over half a million people unemployed in Canada.

Mr. Green: Oh, no.

Mr. Bourget: Oh, yes.

Mr. Green: Oh, no, you are stretching it. These are spread all over the country, as the hon. member knows, but I have some examples for this year which are as follows: St. John's, Newfoundland, public building, improvements to grounds, $7,500; Stellarton, Nova Scotia, public building, chain link fence, $1,000; Montague, P.E.I., public building, retaining wall, $1,100; Lachute, Quebec, public building, repairs to foundation, $1,500; Stanstead, Quebec, public building reinforcement of foundation, $5,000; Three Rivers, public building, repairs to retaining wall, $12,000; Montreal, film board, air conditioning and ventilation, $10,000; Winnipeg, custom building, replacing elevator, $22,500. Those are only examples, but those are small jobs all over the country and jobs which have been very effective in bringing about employment of additional Canadians quickly.

Mr. McWilliam: Could I ask the minister if there is anything listed there for New Brunswick, in the small jobs?

Mr. Green: The ones I have read out are just examples. There are many of a similar type in the province of New Brunswick and in all the other provinces to which I did not refer.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

TRANSPORT

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I would like to ask leave to revert to motions in order to move that the estimates of the Department of Transport be referred to the standing committee on railways, canals and telegraph lines.

Hon. Lionel Chevrier (Laurier): May I ask the minister why the Department of Transport estimates are being referred to the committee on railways, canals and telegraph lines rather than being discussed in the House of Commons, as are his own estimates, and I presume the estimates of other departments mentioned earlier.

Mr. Green: As I explained on an earlier occasion, Mr. Speaker, when we were considering an amendment to the standing orders to set up a standing committee on veterans affairs and one on estimates for this year, we planned to try out referring certain of the estimates to standing committees and I instanced the referring of estimates of the Department of Northern Affairs and National Resources and Department of Mines and Technical Surveys to the committee on lands, forests and waters and the estimates of the Department of Fisheries to the standing committee on marine and fisheries; the estimates of the Department of Labour to the standing committee on industrial relations and I think I also referred to the Department of Transport estimates and suggested they would be referred to this standing committee on railways, canals and telegraph lines. In addition, of course, the estimates of the Department of External Affairs are to be referred to the standing committee on external affairs.

We are trying, in addition to having those particular estimates referred to these standing committees which I have mentioned, to have the estimates committee review several of the departments' estimates and they are now working on the estimates of the Department of National Defence. I expect one of these days they will request that the estimates of certain other departments be referred to them but we do have to keep some estimates for consideration in the house. Until tonight we only had public works and agriculture which could be considered in this committee of supply but we now also have the estimates of trade and commerce and of justice which were put in tonight.

It so happens that there is a standing committee which we think could very well deal with the estimates of the Department of Transport and we propose to try out this plan. If it does not work out satisfactorily then next year we can follow some other course. I refer to the standing committee on railways, canals and telegraph lines and, as the hon. member for Laurier knows, this has been one of the best committees of the house. He and I have always served on it and I am sure he will find this plan will be fairly successful.

Mr. Chevrier: I am not complaining about the plan but I thank the house leader for the explanation he has given to this house. On the contrary, I would think, as the Leader of the Opposition has already stated, that in so far as the three departments which were referred to by the house leader are concerned, namely national defence, northern affairs and veterans affairs, there would be no objection from this side of the house to their being referred to their respective committees, but there has been no agreement with respect to the Department of Transport. I am taking no position at this moment other than to say it seems to me that the Deparment of Transport, being such an important and large department—as is the minister's own department—its estimates should be considered by the whole house rather than by the committee on railways, canals and telegraph lines. That is a committee, to my way of thinking, which is charged with a certain responsibility and it would seem to me that it is not the committee to which the estimates of this department should go. My suggestion would be, if my hon. friend would agree, that he might allow this motion to stand until tomorrow so that I may discuss it with the Leader of the Opposition after which we could come to some agreement.

Mr. Green: I have no objection to that but I would point out to the hon. member for Laurier that if the course we suggest is followed the transport estimates will be considered twice, first of all in the standing committee and then in committee of the whole house.

Mr. Chevrier: We will be perfectly satisfied if they are considered but once.

Mr. Green: Probably they would not be brought on for consideration in the house for some considerable time if they did not go to the committee.

Mr. Chevrier: If the motion stands, we will leave the matter there.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what is the business for tomorrow.

Mr. Green: Tomorrow we start with item No. 10 on today's order paper, which is the resolution dealing with hospital insurance; then item No. 6 on today's order paper, the

resolution dealing with the Department of Transport Act; then item No. 8, the resolution dealing with the Cape Breton Highlands national park; item No. 11, dealing with the legislation in connection with the Yukon; and then item No. 4, second reading of an act to amend the Lake of the Woods Control Board Act. I imagine that will be enough to keep us busy—

Mr. McIlraith: What will we do afterwards?

Mr. Green:—until six o'clock but if not we will take up the question of an act to set up a harbour commission at the lakehead and the amendment to the Penitentiary Act. At eight o'clock the budget speech is to be delivered and I understand it may take a few minutes after ten o'clock—at least the Minister of Finance (Mr. Fleming) tells me that the reply may take a few minutes after ten p.m. so we may ask the members not to watch the clock after ten p.m.

An hon. Member: Are you suggesting he is going to talk for two hours?

It being ten minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

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

TAX RENTAL PAYMENTS, ONT. AND QUE.

Question No. 79—**Mr. Meunier:**

What amount was paid to (a) the province of Quebec; (b) the province of Ontario, under the Tax Rental Agreements Act (i) for the fiscal year ending March 31, 1957; (ii) for the fiscal year ending March 31, 1958?

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

1956-57, the Tax Rental Agreements Act, 1952: Quebec, nil; Ontario, $160,558,129.

1957-58, the Federal-Provincial Tax-Sharing Arrangements Act: Quebec, equalization payment only, $43,060,000; Ontario, tax rental payment for individual income tax only, $74,379,000.

These payments do not include the share of income tax of certain public utility corporations. Under section 6 of the Tax Rental Agreements Act, 1952, all provinces are entitled to 50 per cent of such payment of federal income tax.

1956-57: Quebec, $1,186,280; Ontario, $1,428,408.

1957-58: Quebec, $1,675,230; Ontario, $1,333,166.

Question

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

Public buildings construction and services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

329. Newfoundland, $3,461,474.
330. Nova Scotia, $1,175,000.
331. Prince Edward Island, $96,000.
332. New Brunswick, $1,625,000.
333. Quebec, $9,477,000.
334. Ottawa, $18,918,000.
335. Ontario (other than Ottawa), $13,040,000.
336. Manitoba, $1,695,000.
337. Saskatchewan, $920,000.
338. Alberta, $1,847,000.
339. British Columbia, $2,010,000.
340. Yukon and Northwest Territories, $2,458,400.

Public buildings—

Construction and services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

592. Newfoundland, $116,000.
593. Nova Scotia, $1.
594. New Brunswick, $380,000.
595. Quebec, $2,260,000.
596. Ottawa, $5,552,040.
597. Ontario (other than Ottawa), $689,800.
598. Manitoba, $135,000.
599. Saskatchewan, $130,000.
600. Alberta, $75,000.
601. British Columbia, $275,000.
602. Yukon and Northwest Territories, $271,000.

HOUSE OF COMMONS

Tuesday, June 17, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. R. J. McCleave (Halifax) presented the first report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

BANKING AND COMMERCE—MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. C. A. Cathers (York North) presented the first report of the standing committee on banking and commerce, and moved that the report be concurred in.

Mr. Speaker: By unanimous consent.

Mr. Pickersgill: I am afraid, Mr. Speaker, there is not unanimous consent.

Motion stands.

ESTIMATES—MOTION FOR CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

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

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to speak in opposition to the adoption of this report. I have no hesitation in going ahead now, but I should like to speak to it.

Mr. Speaker: Order; it is not debatable yet. Is there unanimous consent that this motion be put?

Mr. McIlraith: No.

Motion stands.

DOMINION-PROVINCIAL RELATIONS

SASKATCHEWAN—INQUIRY AS TO SHARING OF TAX REVENUES

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. member for Bonavista-Twillingate asked for the production of correspondence between the premier of Saskatchewan and the federal government since March 31. I wish to table herewith that correspondence, to which another letter will be added later this day.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, would the Prime Minister consider requesting that it be printed in *Hansard* in the usual way?

Mr. Speaker: May I ask the house whether it gives leave to having the documents just tabled by the Prime Minister printed as part of *Hansard* this day? Is it agreed?

Some hon. Members: Agreed.

[*For text of correspondence above referred to, see appendix "A", pages 1283-84.*]

EXTERNAL AFFAIRS

LEBANON—STATEMENT AS TO STEPS TAKEN BY UNITED NATIONS

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, with your permission I should like to give a statement to the house. I desire to inform the house of the steps which the United Nations is taking in connection with the crisis in Lebanon, and the role which Canada is once again being called upon to play.

The security council resolution of June 11 under which the United Nations group in Lebanon is functioning grew out of the complaint submitted by Lebanon regarding interference in its affairs by the United Arab Republic. The operative part of the resolution—passed, as hon. members of the house I am sure know, with the full concurrence of 10 of the 11 members of the council, including Canada, with only the U.S.S.R. abstaining—meets the essential requirements of a constructive United Nations intervention. It calls for the urgent dispatch of an observation group to proceed to Lebanon—and I quote from the resolution that was adopted by the security council:

> ...so as to ensure that there is no illegal infiltration of personnel or supply of arms or other materiel across the Lebanese border;

—and it authorizes the secretary general to take the necessary steps to that end.

Because of the need for haste the secretary general turned in the first instance to the United Nations truce supervision organization in Palestine—UNTSO—to form the nucleus of the substantial military observer corps that he will require to assist the political team of three which will constitute the observation group proper. This team consists of three highly qualified and experienced men selected

by the secretary general; a Norwegian, an Ecuadorian, and an Indian. The Norwegian —General Bull, commander of the Norwegian air force—arrived in Beirut on June 15, preceded a day or two earlier by 15 military observers from the UNTSO staff, including one Canadian, Major G. D. Mitchell. All these UNTSO officers are assigned on a temporary basis only, but I need hardly say that the secondment of a Canadian officer from the TSO to this urgent and highly important task of getting the UN operation under way was arranged with the full approval of our Department of National Defence.

General Bull had not been on the ground for more than a few hours when it became apparent to him that the modest sized observer corps which had at first been envisaged would be entirely inadequate for the task in hand, having regard to the complexity of the situation and the mountainous nature of the frontier areas. He promptly reported to the secretary general that a minimum of 100 military observers would be essential to the success of the operation. The secretary general thereupon requested Canada and 13 other countries to supply additional observers from their regular armed forces on a basis of the utmost urgency. Of the other countries so approached Finland, Netherlands, Norway, Italy, Chile and Denmark have accepted, and several others are momentarily expected to do so.

I need hardly tell the house that the Canadian government too has responded speedily to the secretary general's appeal. Ten Canadian officers have already been chosen for this assignment, and they should be on their way to Lebanon within 48 hours. The ultimate scope of the United Nations operations in Lebanon is not yet clear, and the secretary general himself is leaving for Beirut tonight to examine the situation on the spot.

The task with which he and the observation group have been entrusted by the security council is a delicate and difficult one. The success or failure of this initiative has, of course, immediate significance for Lebanon's security and possibly for peace in the area as a whole. But it could have far wider implications; it represents a further test, perhaps a crucial one, of the United Nations ability to deal rapidly and effectively with international disputes of a kind likely to lead to open conflict.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house will have heard with great interest the statement of my hon. friend, and I can assure him of the full support of our party in the action which the government has taken so speedily and I think effectively to ensure Canadian participation in this United Nations peace-preserving effort. I would also express the hope, Mr. Speaker, that if the situation should deteriorate in Lebanon to the point where the legitimate government there might be overthrown as a result of intervention from outside, any further steps that might have to be taken would be taken not by any individual government but under the auspices of the United Nations.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group listened with great interest to what the Secretary of State for External Affairs has just read, and are pleased to note that he is utilizing the machinery for the maintenance of peace established in great part through the efforts of the former secretary of state for external affairs.

[*Later:*]

SUMMIT CONFERENCE—REQUEST FOR REACTION TO LETTER FROM PREMIER KHRUSHCHEV

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister. As a keenly interested front-line political observer, would the Prime Minister give the government's reaction to Premier Khrushchev's latest letter to President Eisenhower, asking for a clarification of the west's attitude toward a summit conference?

Right Hon. J. G. Diefenbaker (Prime Minister): I do not think any clarification is necessary regarding the attitude of the free world toward a summit conference. In so far as the letter from Premier Khrushchev to the President is concerned, all I have seen regarding that would indicate an attitude somewhat akin to a desire to hold up the possibility of convening a summit conference. I would think that the attitude of Canada, as of the western world, is an expression of the hope that a summit conference can and will be achieved after the necessary preliminaries have taken place and the necessary conferences at a lower level to assure that when it does take place it will bring about the achievement of results rather than expectation alone.

Hon. L. B. Pearson (Leader of the Opposition): I have a supplementary question, Mr. Speaker. May I ask the Prime Minister whether it is contemplated in the discussions which are now going on that Canada should take part in this proposed summit conference?

Mr. Diefenbaker: I do not think there is anything I can add to what has already been said in that regard.

REPORTED INTRODUCTION OF CONFIDENTIAL LETTER BEFORE U.S. SENATE COMMITTEE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Secretary of State for External Affairs in connection with an answer he gave me on May 21 with regard to the appearance of a confidential letter from the Prime Minister of Canada in the hands of the United States authorities. Has the Secretary of State for External Affairs determined from Senator Morris how he obtained the letter? If not, has any check been made on the progress of the letter before it started into external affairs channels?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I have been informed that the United States senator to whom reference has been made has refused to disclose how he got that letter. Every check has been made as to the fate of that letter, but I have nothing further to give to the house than I had when I answered the question approximately two weeks ago.

Mr. McIlraith: A supplementary question. Is that the reason the senator was refused the right to speak on the C.B.C.?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, that astonishes me.

Mr. Fisher: A further supplementary question. I should like to ask for an elaboration of the minister's answer. Does it mean that the Secretary of State for External Affairs can assure us that as far as it is known the letter did not disappear from the office of the Prime Minister?

Mr. Smith (Hastings-Frontenac): I cannot speak for the office of the prime minister of that day.

INDUSTRY

STEEL—REPORTED STATEMENT BY UNION DIRECTOR

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to direct a question to the Prime Minister, to whom I sent notice this morning. Is the Prime Minister in a position to comment on the press report that William Mahoney, national director of the national steelworkers of America, has asked for a meeting with the government to discuss steel prices and policies in Canada, with special reference to the charge that prices are administered or arranged in such a way that they are geared to United States prices?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know nothing regarding this matter except the press report; and until a communication is received in the usual way no consideration can be given to the matter by the government.

AGRICULTURE

SOYBEANS—STATEMENT ON APPLICATION OF PRICE STABILIZATION

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Essex East asked this question, as found at page 1159 of *Hansard:*

> I should like to ask the Minister of Agriculture if his attention has been directed to a statement made to the soybean growers by the chairman of the agricultural prices stabilization board as to the way in which the floor price for soybeans is intended to operate? If the minister has not seen that statement, would he be prepared to look at it and advise the house as to whether or not that is a correct statement of the application of this floor price policy?

The so-called statement actually is a letter which was written by the chairman of the board to Mr. Standing of the Ontario soybean growers marketing board, and the letter conveys correctly our ideas, on the basis of information we have received so far from the soybean growers marketing board, as to how support will have to operate. In order that other hon. members may know what we are talking about perhaps I should read a few paragraphs from the letter which outlines the situation. The letter states in part:

> I believe you understand that this stabilization assistance is to be in the form of a deficiency payment whereby this board will make up the difference between the average return to all growers and the prescribed price.
>
> We believe your board—

That is the soybean marketing board.

> —regulates the price of all the product for the growers and it is understood that you will be keeping a record of each producer's deliveries and the return per bushel which he receives . . . we will need to be able to determine the average sale price per bushel for all grades and then the difference between this average price received by all growers and the stabilization price of $2.10 per bushel will be paid to each eligible grower.

This is the way it will operate. We will say that the average price that is received for soybeans is $2 a bushel. That will mean there will be a deficiency payment of 10 cents per bushel which we will make up. But the beans from each individual grower will have been sold at different prices by their own board. Some of that difference will be due to the time at which they are sold. Some farmers will perhaps be holding their beans for four months before they are sold; others will sell them practically out of the field. Second, the difference would be due to variations in grade.

In any event, the only thing we can do is make up the average difference. Whatever that sum is—we will say it is 10 cents in this case—it will be paid to each grower which will mean, of course, that each grower will not receive the same price for his beans. The only way in which they can receive the same price for their beans is if the soybean growers marketing board and the growers themselves are willing to pool their returns, as is done by the wheat growers of western Canada under the Canadian wheat board. If they are willing to pool their returns there is, of course, no difficulty in connection with the matter. These people can then receive the same return. If they are not willing to pool their returns, which is their own decision, there is no way in which the returns can be made exactly the same to each of them.

Hon. Paul Martin (Essex East): I thank the minister for the quick way in which he dealt with my question of yesterday. I should like to ask him if he is aware that as a result of the communication written by the chairman of the agricultural prices stabilization board there is great concern on the part of the soybean growers. They feel that, as a result of this declaration as to how the price policy should operate, the averaging of prices between those farmers who receive less than $2.10, the declared price, and those who receive a higher price will bring about the result that though deficiency payments will have been paid, the farmers who will have received less than $2.10 will not, in fact, receive a floor price of $2.10 at all.

In consequence of that result, is the minister aware that farmers are now asking for a higher floor price which I believe, at their meeting in Chatham, they fixed at $2.57?

Mr. Harkness: Mr. Speaker, I am not aware that concern has been expressed. So far it has not been expressed to me. I am not aware that they are asking for a higher floor price, but I would not be surprised if they were because everybody asks for higher floor prices on all other commodities; that is only human nature.

So far as the other remarks the hon. gentleman has made, I answered them in what I said. The remedy for this complaint which he mentions is in the hands of the growers themselves, and in the hands of their board. If the growers and the board are willing to pool their returns, which so far they have not expressed any willingness to do, just the same as the prairie grain growers pool their returns, then they will all receive at least $2.10 a bushel. We cannot of course, as a government, force them to pool their returns; that is their individual choice.

[Mr. Harkness.]

Mr. Hazen Argue (Assiniboia): I wonder if the minister might answer a supplementary question. Has the government considered paying a floor price to the producer directly in order that the producers may obtain the same price? If he is suggesting that this type of thing is the same as the Canadian wheat board, is the government prepared to establish a government board like the Canadian wheat board in order to accomplish equity amongst the producers?

Mr. Harkness: So far the growers have not asked for a government board, and I understand they do not want a government board. They want their own board to handle this crop. We, of course, pay the deficiency payments direct to the farmers. If there is any complaint over the fact that each farmer is not going to receive the same price for his soybeans, the remedy is in their own hands. All they have to do is agree to pool their returns.

Mr. Argue: Will the minister explain why the board or the government do not establish a continuing floor price and offer it to the producers if they wish to deliver their products to the board?

Mr. Harkness: Apparently the hon. gentleman does not understand that the Ontario soybean growers marketing board, under the Ontario marketing legislation, has been given the sole authority to market these soybeans; that is part of the Ontario law.

INQUIRY AS TO DEFICIENCY PAYMENTS AND FLOOR PRICES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the minister decided to establish any floor prices or to make any deficiency payments in respect to fruits and vegetables which have not yet been announced? I should also like to hear the minister's comments on strawberries, peaches and cherries.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, apparently the hon. member would like me to make a long speech, but I can assure you I am not going to transgress the rules by doing so. The matter of establishing support prices for commodities which are not already supported will, of course, be decided when an application has been made by the producers of any of these commodities for assistance of this kind. I am therefore not in a position to say what further commodities will be put under price stabilization.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Is it not a fact that the wheat growers of Ontario have asked for a floor price on wheat, and if that is the case when will the minister be in a position to make an announcement?

Mr. Harkness: If the hon. member will cast his mind back to a few months ago when we were discussing the matter here, he will remember that there is a mandatory floor price provided as far as wheat, oats and barley are concerned. Therefore it is not a matter of whether or not these supports are in effect; they are there, and they exist in the legislation.

Mr. Hazen Argue (Assiniboia): Do I take it from the minister's answer that this is the only floor which will be provided for the Ontario wheat producers, and if so does he think it is at a satisfactory level?

Mr. Harkness: The hon. member is trying to turn me into a prophet now, and that is a role on which I am not prepared to embark at the moment.

SHIPPING

GROUNDING OF C.G.S. "BAFFIN"—STATEMENT ON RESUMPTION OF INVESTIGATION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): In reply to a question by the hon. member for Port Arthur I advised the house on May 23 that because of the illness of Judge Pottier the final sittings of the court of investigation into the grounding of the *C.G.S. Baffin* had to be postponed, but that it was expected the commissioner would be able to call the court together again within two or three weeks.

I regret that since that time the department has learned that Judge Pottier's doctor will not permit him to resume work until the autumn, and in these circumstances the completion of the inquiry will be further postponed for some months.

GRAIN

WHEAT BOARD—REQUEST FOR REFERENCE OF ANNUAL REPORT TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether the annual report of the Canadian wheat board for the crop year 1956-57 will be referred to the agriculture committee?

Hon. Gordon Churchill (Minister of Trade and Commerce): The hon. member did not give me notice of his question, Mr. Speaker, and he has taken me by surprise. I thought he was going to ask me about the Manitoba election and the success of Mr. Duff Roblin and the Conservative party. With regard to the report he has mentioned, perhaps the committee will make the necessary request.

Mr. Argue: I wonder whether the report might be referred to the committee because of the universal disappointment in the final payment for wheat for that crop year. With reference to the Manitoba election, I wonder whether this helps to account for the fact that the Conservative party dropped from getting all the seats on March 31 to a minority government yesterday?

Mr. Fleming (Eglinton): Very feeble.

PROGRESS OF INQUIRY INTO ALLOCATION OF BOX CARS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Trade and Commerce. Has he any information to impart to the house with reference to the progress of the investigation into the box car situation?

Hon. Gordon Churchill (Minister of Trade and Commerce): The investigation with regard to the box car situation is going ahead very well. A series of public meetings are being held in Saskatchewan and Alberta during the course of this month. When they are concluded I think the report will be prepared and submitted to the department very shortly thereafter.

Mr. Chevrier: Has the minister any idea as to the date of that event?

Mr. Churchill: No, I cannot set an exact date for that event.

TRADE

AUTOMOBILES—ALLEGED INTERFERENCE BY U.S. IN CANADIAN EXPORTS TO CHINA

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce whether he is now in a position to give a reply to the question which I put to him on June 2 with regard to the investigation promised by the government in connection with the alleged attempt on the part of a Canadian automobile company to sell automobiles to China, an act that was arrested as the result of action taken by the parent body in the United States pursuant to the laws of that country?

Hon. Gordon Churchill (Minister of Trade and Commerce): I hope that an answer to the hon. member's question will be ready before too long.

Mr. Martin (Essex East): Mr. Speaker, that is practically word for word the reply the minister gave me on June 2.

Mr. Fulton: So is your question.

Mr. Martin (Essex East): Could the minister not at least vary his reply by using different words?

Mr. Churchill: It just shows, Mr. Speaker, how accurate I am in answering these questions which are repetitive in nature.

POST OFFICE DEPARTMENT

INQUIRY AS TO PORTRAIT ON FORTHCOMING STAMP ISSUE

On the orders of the day:

Mr. J. W. Baskin (Renfrew South): Mr. Speaker, I wish to direct a question to the Postmaster General. Would the Postmaster General comment on reports that the model portrayed on a forthcoming postage stamp issue is not a qualified nurse?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I thank the hon. member for having given me notice of this question. Unfortunately the choice of these models is not the responsibility of the Postmaster General but that of the artist who is retained by the department to design the stamp. When the artist was given the commission to design this particular stamp he was referred by the department to the officials of the Canadian Nurses' Association for material, and that association in turn referred the artist, Mr. Trottier, to the illustration of a nurse used by the Department of National Health and Welfare, which had been developed with the full co-operation of the nurses association. The artist decided that this was a satisfactory model and arranged to take his own pictures of her, which formed the basis for the illustration on the stamp.

I may say that the uniform which was used while these photographs were taken was provided by the Canadian Nurses' Association. The only thing I might add, Mr. Speaker, is that I am quite sure the Canadian Nurses' Association have many members who are equally as attractive as the girl portrayed on this stamp.

HOSPITAL INSURANCE ACT

AMENDMENTS TO AUTHORIZE CONTRIBUTIONS TO PARTICIPATING PROVINCES, ETC.

The house resumed, from Wednesday, June 4, consideration in committee of the following resolution—Mr. Monteith (Perth)—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to amend the Hospital Insurance and Diagnostic Services Act to authorize contributions being made as of the first day of July, 1958, to a participating province which has a plan in operation; and to make certain changes in connection with the administration of the act.

Mr. McMillan: Mr. Chairman, a week ago, at about two minutes before six o'clock, I began to make some comments on this subject. Today I should like to continue my remarks with regard to the proposed amendments to the Hospital Insurance and Diagnostic Services Act.

I said at that time that I was aware from my own experience of the need for some type of hospital insurance; that I had attended the last dominion-provincial conference on this subject, and had been impressed by the fact that most of the spokesmen for the provinces had expressed the need for hospital insurance in their particular provinces. They had also expressed the need for federal aid.

The cost per patient day has been going up steadily all across Canada. In Ontario, for example, the cost in 1941 was $3.47, while in 1956 it was $14.46; and in no intervening year has there been a decrease in these costs.

I have here a copy of the daily bulletin of the dominion bureau of statistics of May 30 from which I will read a few extracts. It cost nearly half a billion dollars to run the hospitals of Canada in 1956. The total expenditures for hospitals of all types rose by more than 11 per cent to the record figure of $467,500,000, representing an average per capita cost of about $29. Public hospitals, including federal, private, mental and tubercular hospitals, reported expenditures of $347 million. It cost $3,583 to maintain the average public hospital bed in operation for the year, as against $3,379 a year before. The average cost per patient day in 1956 was $13 as compared with $12.26 in 1955, while in 1952 the daily cost was $2.47.

Costs have varied according to the size and nature of the hospital concerned. The figures give the breakdown of costs under salaries and wages, drugs and medical supplies, food and so on. One thing struck me particularly, the fact that in Canada we are giving less voluntary help to our hospitals. According to the dominion bureau of statistics this decreasing dependence on voluntary public support is illustrated by the fact that donations from the public for current operations provide only $16.10 of every $1,000 of general hospital revenue, as compared with $17.43 two years previously.

The highest figure for public donations was $30.32 per $1,000 of revenue in Quebec, and the lowest was $1.50 in Alberta.

With this background of rising hospital costs in mind, and taking into consideration

the mental stress and financial worries attendant upon prolonged illnesses, our former prime minister decided to make available to the provinces the best available hospital and diagnostic care. The federal government would assume approximately half the cost while the provinces would assume the other half, the only stipulation being that these services should be available to every person resident within a province. In my opinion that was one of the greatest humanitarian acts ever placed on the statute books of Canada. This act was piloted through the House of Commons by the former minister of national health and welfare, now the hon. member for Essex East, who received a well deserved and merited compliment the other day from the hon. member for Durham when he referred to the great part played by the hon. member for Essex East in putting this legislation on our statute books.

Provision was made that this act should come into operation as soon as six provinces had signed the agreement and could qualify under the act. I can well remember the criticisms that were voiced in this house. I well remember the statements made by the former hon. member for Winnipeg North Centre, Mr. Knowles, who maintained that this act should go into operation immediately and should apply to those provinces that had hospital plans already in force. I well remember certain hon. members now to your right maintaining at that time that this act should apply to depreciation and administrative costs, and that it should provide for payment of half the costs for mental and tubercular patients in those institutions.

I well remember the fine argument put forward by my friend the late hon. member for Lanark, Dr. Blair. He insisted that there should be no differentiation between sickness in a general hospital and sickness in a mental or tuberculosis hospital. In fact hon. members on the other side of the house, and particularly the present Minister of Finance, criticized the exclusions contained in section 2 (e) of the bill. The Minister of Finance, the then private hon. member for Eglinton, felt so keenly about it that he divided the house on third reading of the bill. As I recall it the present Minister of National Health and Welfare and many hon. members who now sit on your right voted with him.

I refer to page 3381 of *Hansard* of April 10, 1957, where an amendment moved by the present Minister of Finance is recorded in these words:

> That Bill 320 be not now read the third time, but that the said bill be referred back to the committee of the whole for the purpose of reconsidering the provisions to exclude tuberculosis hospitals and sanatoria and hospitals and institutions for the mentally ill in clause 2 (e) thereof.

He went on to state:

> My purpose is to ask the house to refer the bill back to the committee of the whole in order that this same clause which contains this unjustifiably narrow definition of the word "hospital" may be reconsidered. I put before the house the ground that there can be no justification in good sense or in principle or in humanity or in the existing facts of life as applied to the financial difficulties of the provinces and municipalities of this country, for this government to try to drive a wedge between general hospitals on the one hand and tuberculosis hospitals and sanatoria and hospitals and institutions for the mentally ill on the other hand. It is only by changing the definition that the government proposes in clause 2 (e) that this unworthy distinction can be eliminated.

The hon. member at that time argued that there could be no justification whatever for the exclusion of those hospitals. I wish to refer briefly to the remarks made by the present Prime Minister with regard to this amendment proposed by the present Minister of Finance. On April 10, 1957, as recorded at page 3386 of *Hansard,* the Prime Minister, the then private hon. member for Prince Albert, said:

> The amendment moved by the hon. member would refer the bill to the committee of the whole for the purpose of considering this clause and thereby giving an opportunity, even at this late hour, of including within the ambit of the legislation sanatoria, tuberculosis hospitals and institutions and hospitals for the mentally ill. I cannot understand this omission.

It is interesting to note that the right hon. gentleman who now sits in this house as Prime Minister pursued this matter in the election campaign that year. The Winnipeg *Tribune* of May 14, 1957, reports him as having said:

> The Conservatives, he said, would repair a "serious omission" in the federal health plan which does not include tubercular and mental institutions.

The Toronto *Globe and Mail* of May 28, 1957, reports the hon. gentleman as having said in Saskatoon:

> Mr. Diefenbaker said the Conservative party still believes that hospital insurance should cover patients in mental and tuberculosis institutions.

I consider that in these statements, if correct—and I have no reason to accuse either the *Globe and Mail* or the Winnipeg *Tribune* of not being correct—we have a solemn promise to the people of Canada. I am certainly surprised in view of this fact that section 2 (e) is not being amended by the government at this time to widen the definition in order to cover mental and tuberculosis hospitals.

I was interested in seeing what some of the provinces thought about the bill. The

Vancouver *Province* of March 8, 1958, carried the following report:

> Premier Bennett made his first direct criticism of the national Conservative government.
>
> "We are a little alarmed," he told the house "at the way the present government is holding hands with Ontario and Quebec; it is a little too much for the best interests of British Columbia."

Earlier he said:

> I am terribly disappointed in the Diefenbaker government. I had hoped that it would have had vision. Actually it has dealt with British Columbia more severely than the Liberal government did.

In the 10 months since this government was elected it has been in the business of politics rather than that of government. To digress a little, I certainly believe that, because in my own riding unemployment is increasing in spite of the promises that we would have no unemployment by the middle of the summer.

Mr. Monteith (Perth): What has that to do with hospital insurance?

Mr. McMillan: I have had wires from home today saying that unemployment is going up.

Mr. Monteith (Perth): What has that to do with hospital insurance?

Mr. McMillan: It has something to do with hospital insurance. When I was home a man came to see me who, because he was unemployed, could not meet his payments and so on. He was actually sick, so sick that he had to go to hospital.

Mr. Cardiff: Why did you not do something for him?

Mr. McMillan: I will tell you that worrying about unemployment does produce ulcers, will make ulcers worse and cause them to bleed, and so on. I refer to stomach ulcers, and that is true. It is easy enough to laugh about unemployment. Hon. members across the way do laugh about unemployment, but I can tell them that in Welland the numbers are going up every week instead of going down.

Mr. Monteith (Perth): We are not laughing about unemployment.

Mr. McMillan: The minister of health of British Columbia said this:

> The Tories have stated mental care and tuberculosis care can't be accepted as shareable hospital insurance costs without impairment of payments made provinces under other arrangements.

The best compliment this government is paying to the former government is contained in the proposed amendments to this act. One has to do with getting the scheme started; otherwise the scheme could not get started. The other minor amendment has to do with providing some meals and restricting the use of drugs. I would like the minister to tell us what Premier Bennett has in mind. I would like to know whether British Columbia was offered a deal different from that signed by Ontario. I know the minister said the other day that Newfoundland had signed an agreement. I would like him to tell us whether there was any difference in detail in the agreement signed by Ontario and the agreement signed by the province of Newfoundland.

Mr. Monteith (Perth): They are all within the terms of the act.

Mr. McMillan: I am asking whether there was any difference in detail. I would like to know why the other provinces have not signed. It seems to me that there must be some difference or British Columbia would have signed. It looks to me as though this government got the province of Ontario to sign and is offering this amendment as bait to the other provinces to come in so as not to embarrass the province of Ontario on January 1, 1959, if six provinces have not come into the scheme by that time. I really think this government is forced to bring in this amendment as the result of its own failure to pursue the parliamentary objective of having a nation-wide hospital insurance plan under way as soon as possible.

I think the act itself is excellent; I believe the formula worked out by the previous government was an ingenious one. It tends to prevent any interference on the part of the Department of National Health and Welfare in things that come purely within provincial jurisdiction. The act itself is generous and it will readily be taken up by the people. I think, however, this scheme would have been very difficult of attainment without the national health program that we had in force under the former minister for a period of 10 years or more. We spent something like $250 million under that program. We helped to provide beds in new hospitals and hospital extensions. We spent much money in the control of such diseases as tuberculosis, venereal disease and cancer. We also spent much money in training large numbers of personnel.

One very good example of the action taken by the former minister was the help given to the provinces to get their poliomyelitis immunization programs under way. As a result the incidence of polio has dropped. I have not seen the recent figures, but I know it has come down very markedly. The dominion government spent $3 million on that program. There has been a great saving to the people, not only in hospital beds because those people are not in the hospitals for prolonged periods, but because many children are not going to be handicapped for life.

One outstanding feature of the bill, of course, is the fact that there is no time limit on hospitalization. I know from personal experience that many people who suffer multiple fractures and terminal illnesses are often in hospital much longer than they could be and still be covered by the insurance schemes at present in vogue. Hospitals also should be able to budget and not have large deficits. The municipalities should benefit when this scheme is in operation. If the provinces play fair with the municipalities, the municipalities will not have to put up their share for indigent people going to hospital. We have old age pensioners, old age assistance cases and various other civil pensioners who go to hospitals; and if the provinces assume their share then the municipalities will be relieved financially.

Dr. Malcolm G. Taylor of the University of Toronto was commissioned by the Canadian tax foundation to submit his findings concerning the probable cost of hospital and medical care in Canada, and by a series of calculations he came up with a figure showing that our national hospital insurance scheme would cost something like $634 million by 1960. Dr. Taylor thinks we should be able to do this and I certainly think we should, since this figure is just a little over half our liquor bill in Canada.

Mr. Martin (Essex East): That is for 10 provinces.

Mr. McMillan: Yes, 10 provinces. He estimated that by 1960 the combined cost in Canada of medical and hospital care would be 2.6 per cent of our national income, whereas today it is 2 per cent.

One thing I like about this scheme is the fact that people will be able to go to hospital as of right and not be classified as indigents. We have a highly educated public. They are all aware of the benefits of good health care, and they look upon the rising standards of medical care as concomitants of a rising standard of living. Therefore, but for the hospital scheme we have put on the statute books, I think we would have had increased hospital and medical care.

I know the minister is very anxious to answer some of these questions. I have tabulated certain questions which I should like to hear him answer before we adopt the resolution. First I should like him to tell us why more provinces have not signed agreements. There have only been two and there certainly should have been six by this time. I think we would have had six if the minister had pursued the matter more vigorously. Second, what is the reason for British Columbia's attitude? I have heard from other sources that British Columbia does not look on the plan very favourably. Third, were all provinces offered the same agreement? In spite of what the minister said in the house the other day I have heard that there is some difference between the agreements signed by Ontario and Newfoundland.

I have one last question, and I am sure the minister can answer it very easily. Why do the minister, the Prime Minister, the Minister of Finance and the minister's other colleagues take such a restricted view of section 2 (e) of the act, when they all voted to include hospitalization in mental and tubercular institutions on April 10, 1957?

Mr. Martin (Timmins): Mr. Chairman, we have just heard some very interesting remarks from the hon. member for Welland who speaks, I understand, as a medical practitioner. His views on this subject are most interesting. I will have to speak as a patient of various medical practitioners throughout the country and try to give the viewpoint of the patient with regard to this matter.

I believe there are many phases of the hospital insurance plan that are badly in need of explanation at the present time. I quite realize that some of the problems I may raise are not caused wholly by the federal government, but I believe the federal government has a duty and responsibility to the people, particularly of the province of Ontario, to try to correct some of the wrong impressions that have been created in the minds of the people and to clear up some of the confusion and misinformation under which the people of Ontario are labouring at the present time.

The first point I should like to refer to, and in my opinion it is a serious fault in the plan, has to do with the fact that there is no coverage for old age pensioners. Throughout the country there are examples of hospital insurance plans that have been in effect for quite a number of years and have worked very satisfactorily, and which do not lack such a provision. This is not a new field we are plowing. Examples, figures, information and data are all available. I think such a provision definitely should be included in this plan; and as long as amendments are being made to the scheme we should certainly include the major amendments needed to make the plan as good as it possibly can be made.

There is another aspect with regard to old age pensions which I believe will cause a lot of confusion. As I understand the situation, people who are drawing old age assistance will be covered by the plan made effective by the agreement between the

province of Ontario and the federal government so far as their hospital costs are concerned. However, when they pass from the 65 to 70 old age assistance group, during which time they receive a pension with a means test, to the group 70 and over who automatically receive an old age pension with no means test, I understand they will have to obtain a certificate proving they are indigent or in very needy circumstances or they will automatically lose their hospital plan benefits. I think that is a point that needs very close scrutiny. If the situation is as it appears to be from the information I have received so far, it is certainly something that should be corrected.

The information I have referred to is contained in the literature being published concerning the plan at the present time. On page 8 of the booklet I have here which has to do with questions and answers about hospital insurance in Ontario there is a reference to social assistance persons. There is a further reference to page 50, where one finds a description of the various people who will be eligible. One sees that persons who qualify under the Old Age Assistance Act are eligible, and then it says that persons who come under the Old Age Security Act and are approved by the department of public welfare are eligible to receive medical welfare services.

Because of that information and subsequent telephone calls and inquiries I have made I have gained the impression that a person receiving old age assistance, with respect to whom the means test is automatically abolished at age 70, will have to apply for a certificate of financial distress, shall we say, or he will automatically lose his hospital benefits under the plan.

Mr. Martin (Essex East): Can my hon. friend be more precise? That is a very important statement to make. Perhaps the minister might comment on it.

Mr. Martin (Timmins): I am hoping that the minister will comment and clarify the point if he has the information available because, as I understand the situation from the information I have obtained, the only way old age pensioners, those 70 and over, can obtain these benefits is by obtaining a certificate to the effect that they are in needy circumstances. This would mean that they would automatically lose the benefits they have had from age 65 to 70 unless they were fully aware of the situation and obtained the necessary certificate.

There is another matter which I think should be given very close scrutiny and consideration at this time. Under the plan as it has been outlined there is no assurance as there is, for example, under the Ontario Blue Cross plan, that the current monthly rates will remain the same even for the period of one year, as they now do under Blue Cross. Under the Blue Cross plan, the most common hospital plan in Ontario at the present time, you at least have a guarantee for one year as to what the plan is going to cost you. There is no guarantee under the proposed plan, I understand, and that is borne out by a question asked at a meeting held in January, 1958. In *Industrial Canada* for February, 1958, I find the following question:

> Will the commission be able to guarantee the premiums set by it for any specific period, as does the Blue Cross?

This was the answer:

> No. It is hoped that the rates will hold but if hospital costs rise payments to hospitals will have to rise.

It would seem, Mr. Chairman, that clarification of this very important matter is required. Under this set-up, insured persons would seem to have no guarantee against sudden fluctuations in insurance costs.

Another very important matter is that there is no provision at the present time in any way, shape or form for the waiving of premiums of people who are unfortunate enough to have a prolonged stay in the hospital. There is no obligation of any kind on companies or employers to provide coverage for those people, and certainly common sense tells us that after an extended stay in the hospital a man is far from able to pick up and continue his hospitalization premiums. I feel this matter should be given very careful consideration, and certainly some action taken in that respect.

The hon. member who spoke before me made some mention of the case of indigents. From what I have gathered about this particular plan I believe indigents are divided into two categories. The first category is that of patients who are permanently in the indigent class. They, of course, are provided for under the present plan. I believe a considerable amount of confusion and possible distress could be caused amongst patients in the other category, that is people who, through no fault of their own, may be temporarily placed in the indigent patient class. This could result from unemployment or some other factor of that kind.

Possibly a little later I should like to deal with the particular cost aspects of this matter. Actually the arrangements that have been worked out, as we understand them and in spite of the very clear stand taken by many members of the present cabinet just one year ago, still fail to include the cost of mental and tubercular cases. I should like to quote just one paragraph from *Hansard*

for April 10, 1957, page 3380. These are the words of the present Minister of Finance, who said:

> We as a party and as Her Majesty's loyal opposition have already expressed in the strongest terms our view that there is no justification whatever for the exclusion of these hospitals and institutions from among those that lie within the scope of the scheme of hospital insurance.

Now, Mr. Chairman, I think the minister owes all of us in this house an explanation as to why there is such a change from that very definite stand of just one year ago.

There is another matter upon which I should like to have some clarification from the minister, if he is in a position to do so. Over the last few months there has been a considerable amount of newspaper advertising concerning the new Ontario hospital plan which will be established the first of next year. These advertisements usually contain an address to which one can write if one needs further information. I had a case drawn to my attention in which a person wrote to this address requesting further information about the new hospital plan, and to my amazement the reply had nothing whatever to do with the hospital plan but was a very colourful advertisement for the Ontario Blue Cross plan for supplementary benefits that could be purchased over and above the regular hospital plan. This raises a question in my mind, sir, as to whether the costs of this advertising for another plan are included in the costs of the Ontario hospitalization plan which, in the opinion of many thinking people, appear to be rather high.

This brings me to my next point, which is the cost of this plan. Most of us realize that the plan presently proposed is on the basis of $2.10 per month for a single person and $4.20 per month for a family. People generally have been given the idea that that is only one third of the cost and the other two thirds are borne equally by the provincial and federal governments. In fact I have here a copy of a pamphlet entitled "Facts about Hospital Care Insurance; for Residents of Ontario". On page 4 I read:

> The projected total cost of the hospital insurance program for 1959, including care and treatment in mental and tuberculosis hospitals, is about $210 million.
>
> Revenue from premiums will total about $75 million, or about one-third of the cost of the total program. The balance is being financed by general revenues of the federal and provincial governments. Each level of government will bear approximately one-third of the cost.

I should like to point out that those figures are certainly very misleading. As I understand this plan, and this is subject to correction—I would be glad if the minister would inform me if I am wrong—the arrangement is that the federal government will pay one half the cost of hospital patients in Ontario, excluding tuberculosis and mental patients. I have also received information that tuberculosis and mental patients take up roughly one half the hospital beds in this country. This would mean that the federal contribution would not be one third but merely one half of one half, which according to my arithmetic means one quarter. The premiums of individual groups supporting this plan will amount to roughly $75 million as estimated in this pamphlet, which is in fact 36 per cent of the estimated $210 million. Well, with the federal government paying 25 per cent and the individual 36 per cent, this leaves 39 per cent for the Ontario government. If we translate that into dollars it means the federal government would pay $52.5 million, the individual premium payer $75 million, and the Ontario government $82.5 million. This is definitely not the picture presented by the various data put out by the province of Ontario.

There is another interesting point, and that is the additional coverage which may be purchased through the various private companies. The information we have received is that a person will be able to pay through the Ontario commission not only the premiums covering the Ontario hospital plan but also any additional premiums for private coverage by a private company. In other words the commission is being used as a check-off for private insurance companies that may be selling additional coverage. Once again, sir, I wonder to whom these costs are charged, and whether or not we have been given a true picture of the actual costs of the hospitalization plan.

That brings me to the point I mentioned a little while ago, namely the arrangement with regard to temporary indigent patients. As I understand it, the situation at the present time is that these patients are going to be screened by the municipalities, and that once they are judged by the municipalities to be eligible for assistance, then the costs will be borne by the municipalities; but the costs coming back from the provincial government will not have any relation to the actual costs paid by the municipalities but rather will be on a per capita basis for the municipalities to use in any way they see fit.

In my opinion that procedure could lead to a situation where you could have your sidewalks paved and the cost charged to the hospital plan. In one sense possibly it does not make much difference, as far as

the municipal taxpayer is concerned, which pocket it comes out of as long as he gets full value for his money. However, in all fairness to our hospitalization plan I think some better arrangement than this could be made. I would hope the minister would be able to answer some of these questions.

The Chairman: Shall the resolution carry?

Mr. Monteith (Perth): I shall try to answer a few of these questions that have been mentioned by hon. members.

The hon. member for Welland certainly presented some extremely interesting statistics with regard to rising costs generally, and he gave an amazing picture as to the cost jump from approximately $2 to $14 I think that was his last figure—in a comparatively short space of time. He mentioned the fact that we are not proposing any change in clause 2 (e) having to do with tuberculosis and mental hospitals. That is quite right. The situation has been unchanged since it was previously mentioned in this house, in fact since the last fiscal conference between the provinces and the federal government. He went to some pains to congratulate the hon. member for Essex East, and with those congratulations I agree wholeheartedly. However, I would point out that it took the previous government since 1919 to get around to bringing in hospital insurance. I should also like to point out that if they had still been in power no provincial governments would be participating; up to January 1, 1959, they would not be in receipt of federal funds.

Mr. Martin (Essex East): You are just going to get into a speech.

Mr. Monteith (Perth): It is a fact, is it not?

Mr. Martin (Essex East): No, it certainly is not.

Mr. Monteith (Perth): As to the hon. member for Timmins, really anything the hon. member had to say came within the jurisdiction of the provincial government of the province of Ontario. We actually participate and pay 48.8 per cent of the shareable hospital costs in the province of Ontario. As the hon. member knows, I am sure, we pay 50 per cent of 50 per cent of the across-Canada average and 50 per cent of 50 per cent of the—

Mr. Martin (Essex East): Total cost.

Mr. Monteith (Perth): —total cost across Canada, and we also share with the provinces—

Mr. Martin (Essex East): Is the situation not 50 per cent of the total cost based on 25 per cent of the national average and 25 per cent of the provincial average?

[Mr. Martin (Timmins).]

Mr. Monteith (Perth): Fifty per cent of the total cost, but half of that is based on the national average cost and the other cost is based on the average provincial cost.

The hon. member mentioned old age pensioners having to reapply when they become eligible for old age pensions at the age of 70 after having been on old age assistance. My understanding is that this is not so. It has been indicated to us that those who have been on old age assistance prior to age 70, when they reach the age of 70 and become subject to old age pension they will automatically come under the scheme and have their premiums paid.

As to the rates, here again this is purely a provincial matter as to how they raise their share of hospital costs. Some are going to do so by sales taxes, I presume. Some may do it out of general revenue. Others are doing it on a premium basis. The hon. member suggested that there is no guarantee that these rates may not be raised. That is quite so, but we understand no change is contemplated for some little time at least. Eventually there may have to be a change. I am not in a position to disagree with that possibility.

The hon. member for Skeena, speaking to this resolution earlier, suggested that we should give more consideration to prevention, which is important. I quite agree. In this respect I would point out that we are spending millions for research generally and for the prevention of disease. I feel that the hon. member for Skeena has made a very close study of this matter, and I should like to say that I greatly enjoyed the remarks he made in commenting on the hospitalization scheme.

I think I might give a brief resume of just what the situation is in the various provinces. There seems to have been some concern in the minds of the hon. member for Essex East and the hon. member for Welland to the effect that we had not gotten on with this scheme just as rapidly as we might. I should like to assure them that entirely the opposite has been the case. My officials have visited all the provinces. We have had many provincial officials visit Ottawa. We have had two technical conferences at the official level, with some ministers present. I have met with several ministers. Everything possible has been done to facilitate the signing of agreements with the provinces.

I should like to point out the situation, taking each province in turn. As the house has been informed and as hon. members know, Ontario has signed an agreement under date of March 3 last. This program will come into being on January 1, 1959. As to Newfoundland, the minister of health for Newfoundland and I signed an agreement on June 9.

It will come into effect on July 1, 1958 provided this legislation is passed in order to make it possible. As to Manitoba, the province has passed the requisite legislation. The agreement has been drawn up and is now ready for signing. This province plans to commence its program on July 1, 1958.

Mr. Martin (Essex East): I hope the present election results will not interfere with the progress in that connection.

Mr. Monteith (Perth): I would not expect it to do so.

Mr. Martin (Essex East): You can never tell what a new government will do.

Mr. Monteith (Perth): The province of British Columbia has submitted to the federal government for study their act and draft regulations. After preliminary examination a meeting was held in Ottawa with provincial representatives, with particularly satisfactory results, and an agreement is now before the government for consideration. This plan is expected to commence on July 1.

Mr. Martin (Essex East): What province is that?

Mr. Monteith (Perth): British Columbia.

Mr. McMillan: Did the minister say British Columbia had agreed?

Mr. Martin (Essex East): No, there is no agreement; it is not signed.

Mr. Monteith (Perth): The agreement is not signed as yet, but the province has submitted its plan and it is now before the government for consideration. Saskatchewan have submitted their acts and revised regulations and draft agreement. Meetings were held last week with representatives of Saskatchewan. We expect to have this agreement signed very shortly and in effect by July 1, 1958.

The minister of health for Alberta, Dr. Ross, and some of his officials are expected in Ottawa later this week. Dr. Ross has indicated to us their wish to sign an agreement effective as of July 1, 1958.

Mr. Martin (Essex East): What is the difficulty with regard to Alberta? They were here two weeks ago.

Mr. Monteith (Perth): There has been some question as to whether their legislation as it now stands does come within the requirements of the act. We have had this matter before the Department of Justice for consideration. It is hoped that final arrangements for an agreement will be reached by the end of this forthcoming visit.

Discussions have been held with New Brunswick both in Ottawa and in Fredericton, and they are planning to have their program in effect by the first of the year. Nova Scotia is in much the same position.

Mr. Martin (Essex East): Does that mean that New Brunswick will sign by July 1st?

Mr. Monteith (Perth): No, effective January 1, 1959. I have indicated that we expect five provinces to sign by July 1 so that their schemes can go into effect by that date. Nova Scotia is in the same position as New Brunswick, and it is expected that their programs will commence on January 1, 1959. Prince Edward Island has announced its intention of participating in the program but the province is yet in an early stage of planning and it appears likely its program will start some time in 1959. Quebec has not indicated its intention in respect to the act.

Mr. Chairman, I do not think there is anything more I have to say. There has been some mention of capital cost. I think this government has recognized that there is a need here. We have given consideration to this matter and, as was announced in the house earlier, we have doubled the capital costs construction grants to the various provinces. If there are any further questions I shall be glad to answer them, possibly when we get to the bill which is before us. We will be able to go into more detail at the committee stage.

Mr. Martin (Essex East): As far as we on this side of the house are concerned we shall reserve our questions and further observations on this matter, to which we attach, understandably, the greatest importance, until we come to the bill. But in forbearing at this time I would nevertheless indicate to the minister that we do not feel he has completely answered the questions which have been put to him, more particularly the questions which were addressed to him the other day. When we get to the bill we shall expect a detailed reply with regard to the reasons why we are in this position now—compelled, in order to meet the important problem which faces Ontario—

Mr. Monteith (Perth): What is that, again?

Mr. Martin (Essex East): I said we are in this position now in order to assist the province of Ontario in carrying out its very important program on January 1, 1959, and obliged to deal with this particular amendment.

Mr. Monteith (Perth): No, we are not. I beg to differ. That is not so.

Mr. Martin (Essex East): When we come to the bill, I expect to discuss this.

Mr. Monteith (Perth): We can discuss it now.

Mr. Martin (Essex East): I do not think there is sufficient time, although I am prepared to do so. I am trying to meet the convenience of the minister. I am simply indicating to him that I do not want it to be taken that because we allow the resolution to go through at this time we are satisfied with the answers he has given, because that is not the case.

Mr. Monteith (Perth): I can extend my answer very briefly. Certainly nothing having to do with this amendment affects Ontario. It is quite obvious that we will have at least eight agreements signed by the end of the year and according to the provisions of the present act all we need is six, including Ontario. I think that answers the hon. member's question.

Mr. McMillan: May I ask the minister a question? I think he stated that British Columbia is submitting a plan. Has British Columbia already submitted a plan? Is there wide latitude in the plans that they may submit?

Mr. Monteith (Perth): Let me put it this way: this is not one national hospital scheme, one hospital scheme on a national basis; it is proposed that there be ten different provincial schemes all coming within the scope of the act. They can and do differ in some respects.

Mr. Martin (Essex East): The act permits that. We will go into all that with great care later.

Mr. Martin (Timmins): I should like to thank the minister for replying to the question as he has done. There is only one other question to which I should like an answer at this time—the matter has been referred to already by the hon. member for Welland—that is, in view of the definite stand which was taken by members of this government with regard to mental and tubercular patients a year ago, could the minister make any comment at this time on how soon we may expect the government to implement their policy in this respect, or give reasons why no such provisions have been included on this occasion?

Mr. Monteith (Perth): No, Mr. Chairman, I have no comment to make on that except to repeat what I said a moment ago to the effect that this was discussed at the last federal-provincial conference. The situation is unchanged since that time.

Mr. Argue: I think the statement that the minister has made is extremely disappointing. It is most disappointing to the people of Canada that the government should have failed to take action to bring mental and tubercular institutions under this plan. Certainly the stand which was taken by the government in this regard is completely clear. There can be no doubt that the government favoured bringing tubercular and mental patients under this legislation, and I am amazed that the minister is not able to give the committee some further information regarding what the government intends to do in this field.

I think the minister should be reminded of the very definite stand which was taken by his own party and by the Prime Minister in particular in the 1957 election campaign. According to the Winnipeg *Tribune* of May 14 of that year and I quote:

> The Conservatives . . . would repair a "serious omission" in the federal health plan which does not include tubercular and mental institutions.

And according to a report in the Toronto *Globe and Mail* of May 28, 1957 datelined Saskatoon, May 27, the Prime Minister, then leader of the opposition said:

> The Conservative party still believes that hospital insurance should cover patients in mental and tuberculosis institutions.

Moreover, the records of this house demonstrate very adequately the stand which has been taken by the Conservative party. Certainly prior to both elections the people of this country were led to believe that tuberculosis and mental institutions would be brought under a health plan. Speaking in this house on April 10, 1957, as reported on page 3386 of *Hansard*, the Prime Minister had this to say as leader of the opposition at that time:

> Now that we are passing such legislation, every reasonable facet of the problem should be met, for once the legislation finds its place on the statute books an amendment in order to cover tuberculosis sanatoria and institutions and mental institutions will be almost impossible of attainment. I cannot see that this demand is unreasonable and I feel that reality demands acceptance of the principle contained in the amendment moved.

Those words of the Prime Minister should be reiterated in this debate by all hon. members who are interested in having a comprehensive health plan. The Prime Minister went on to say:

> —the goal that all of us have in mind will not be achieved until the two types of institutions to which I have made reference are included within the provisions of this legislation.

I am wondering if the minister can say what studies are presently being conducted in his department in the field of a general health insurance plan. From statements that have been made in this house on previous occasions I know that such a study has been made in the past and it is probably a continuing study. My question is whether the present government, even though its position has not changed since the federal-provincial conference, is having studies made within

the department as to how mental and tuberculosis institutions might be brought under the plan and an over-all health insurance plan introduced?

Mr. Monteith (Perth): Mr. Chairman, I have no further comment. The situation is simply unchanged since December last, as I have mentioned before.

Mr. Argue: But could the minister tell us whether any studies are being made in his department for the purpose I have outlined?

Mr. Monteith (Perth): Up to the moment the staff have beeen concentrating for some months on getting the present hospital scheme into operation and we expect to get that under way immediately.

Resolution reported and concurred in.

Mr. Monteith (Perth) thereupon moved for leave to introduce Bill No. C-30, to amend the Hospital Insurance and Diagnostic Services Act.

Motion agreed to and bill read the first time.

DEPARTMENT OF TRANSPORT ACT

CONTINUATION OF AUTHORITY RESPECTING TRANSPORT OF GOODS IN BULK, ETC.

Hon. Alvin Hamilton (for the Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Department of Transport Act to provide for the continuation for a further period of two years of authority to make regulations for the control of transport of goods in bulk including, amongst other things, the appointment of one or more controllers and one or more deputy controllers to carry out the provisions of such regulations, and the payment of their remuneration.

He said: Mr. Speaker, may this order of business stand? Could we proceed to take item No. 9 on today's order paper with respect to a measure to provide for the withdrawal of certain lands from Cape Breton Highlands national park.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the order was called last night in this sequence and our members are here ready to discuss item No. 7 as it now stands on the order paper. If we were to go on to the other item on the agenda it would interfere with the order of the business announced last night.

Mr. Speaker: Has the Minister of Northern Affairs and National Resources consent to let this question stand?

Some hon. Members: No.

Mr. Hamilton (Qu'Appelle): I think in view of the remarks of the hon. member for Laurier (Mr. Chevrier) we should pause for just a moment in the absence of the Minister of Transport (Mr. Hees).

Mr. Chevrier: The minister is arriving now.

Mr. Speaker: It has been moved that I do now leave the chair for the house to go into committee to consider this resolution.

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

Mr. Chevrier: Will the minister make a statement?

Mr. Hees: Yes, Mr. Chairman. The terms of the resolution are very clear and I believe that no explanation of the purpose is really necessary. I may say, however, that parliament amended the Department of Transport Act in 1954 to enable the governor in council to make regulations for the purpose of ensuring:

—prompt, efficient and orderly transport of goods in bulk.

This amendment embodied in section 6 (a) of the act was by further amendment in May 1956 extended until May 31, 1958. The sole purpose of the legislation which it is proposed to introduce following the adoption of this resolution is to extend the life of section 6(a) of the act until May 31, 1960.

As hon. members already know the purpose of this amendment is simply to make it possible for the government, if at any time it appears necessary to do so, to appoint a transport controller to assist the board of grain commissioners in allocating box cars for the better and easier handling of our grain crop. Since we formed the government a year ago there has been no need for appointing such a controller but at some time in the future it might be deemed necessary and a controller would be appointed. This amendment is simply to give the government the right to appoint a controller if it is considered desirable to do so.

Mr. Argue: I wonder if I might ask the minister a question before he sits down, Mr. Chairman. Is the purpose of obtaining this power the possibility or probability—either one—of a transport controller being necessary in order to carry out the recommendations, whatever they may be, of the Bracken commission inquiring into the distribution of box cars?

Mr. Hees: It is not possible for us to say what the recommendations of the Bracken commission are going to be until that commission has reported but it was originally intended to renew the life of this provision

before it expired on May 31. It was not possible to bring forward this amendment before May 31 of this year and it is considered desirable to enable the government to have the right to appoint a transport controller if such an appointment is considered necessary at any time and if it is not considered necessary then of course one will not be appointed.

Mr. Chevrier: Mr. Chairman, I thank the hon. member for the statement which he has just made on the powers which are being sought by the government in this resolution. I do think, however, that he should have been somewhat more explicit and have dealt more at length with the reasons for the extension of those powers, having regard particularly to the attitude which was taken on this measure not so much by my hon. friend but by those with whom he was associated when they sat on this side of the house.

I do agree with him when he says that the resolution is a simple one in that it divides itself into three parts: first, the resolution seeks an amendment to the Department of Transport Act in order to provide for the continuation of certain powers, as set out in that act, for a period of two years; second, to make regulations for the control of transport of goods in bulk; and, third, the appointment, as the minister has stated, of a transport controller or a deputy transport controller, as the case may be, and to pay him remuneration.

This resolution covers not only the movement of box cars but also the movement of ships and the controller, whoever he may be, if he is appointed would have very wide powers under the regulations that are sought to be extended. As a matter of fact, those powers were contained in an amendment to the Department of Transport Act which was passed by this house and which now forms part of the statutes of Canada 2—3, Elizabeth II, 1953-54, chapter 30. It was an amendment to the Department of Transport Act which was then known as section 6(a)(i)(ii). Therein are contained succinctly the powers that are being extended by this legislation.

The position of the opposition is, of course, going to be one which is consistent with the attitude it adopted when it was in office. There is no doubt in our minds that this extension should be granted; there is no doubt in our minds that these powers should be continued; there is no doubt in our minds that this legislation at the resolution stage should be approved. I do think, however, that the minister should have given some explanation for the attitude taken by his party when it was on this side of the house, because at that time very strong exception was taken to the extension of those powers. So strong was the exception taken to those powers and their extension that on one occasion the debate lasted a considerable length of time. For the edification of the committee I would like to read to the hon. gentleman some of the statements that were made on that occasion.

Mr. Montgomery: Why read all that?

Mr. Chevrier: I cannot hear what the hon. gentleman is saying.

Mr. Montgomery: Carry on, then.

Mr. Chevrier: The hon. gentleman has such a weak voice that from this side of the house it appears like a mumble. If he has anything to say I wish he would speak up. I was saying I would like to read back to the committee some of the things that were said during the course of a similar debate when hon. gentlemen who now sit on the government side were sitting on this side of the house. I would like to quote from *Hansard* of 1956, at page 3228; the present Prime Minister, then the hon. member for Prince Albert, is reported as having said:

> The transport controller has the power to order any person dealing with any bulk transport to transport goods in bulk, to fix minimum quotas, maximum ratios and so forth. So great are the powers conferred that, no matter what he does, as long as he acts within the powers conferred upon him there is no right of action. If any person fails to fulfil any contract or obligation because of the order of the controller, it is a good defence to an action against such a person to place before the court and prove the allegation that what was done was done pursuant to the order of the transport controller.

Then, later on, during the course of the same debate, at page 3274, the same gentleman had this to say:

> So far as regulations are concerned I may say that the Supreme Court of Canada paid its tribute to the kind of regulations the minister's department has brought into being by referring to them as inconsistent with justice and derogatory of the rights of individuals.

Well, if that language, which was pretty strong at the time, still stands I would have believed that the minister would have thought it incumbent upon him not to demand the extension of those powers, without explanation. Then, again, in volume IV of *Hansard* of 1956, at page 3496, there is a quotation from the same gentleman that I would like to read:

> The regulations provide for a transport controller having authority to order any person dealing in various bulk commodities to fix minimum quotas, to fix proportions and the like and also to order any person dealing in bulk transport facilities, which include railways, steamships and the like, to extend, furnish, supply or make use of any bulk transport facilities for transporting any bulk commodities.

These powers are very wide. The transport controller becomes almost, if not completely, omnipotent. His authority is above the law; his discretion is unchallengeable.

I would think that those qualifications of the powers of the transport controller, if he is appointed under the regulations as they are now before us, would be exactly the same today as they were then, because I presume there has been no amendment to those regulations and that is one of the questions which I would like to ask the minister. I hope he will be able to tell us whether, during the course of time his government has been in office, there has been any amendment to those regulations. I presume there have not been any but if there has been any I would hope they would be given to the house.

The government of Canada provided for the appointment of a transport controller in the month of August, 1951, under the Emergency Powers Act, and subsequently there was put in the statutes legislation generally known as Bill No. 443, and containing the terms of the order in council P.C. 4535. It was the opinion of the government at that time that due to the heavy demand upon all forms of transportation particularly lake and rail some authority was necessary to ensure an equitable distribution of the various bulk commodities such as grain, iron ore, coal, sand, pulpwood and the like. The main duties of the transport controller had to do with the hauling and handling of grain; first, to make sure that when grain is sold by the Canadian wheat board or any other exporter the grain moves freely to the seaboard port when the vessels present themselves for their loads; second, to see that transportation does not limit the amount of grain which can be sold by Canada.

There are, as the house knows, four outlets for the export of grain in this country. There is the Pacific coast outlet made up of the ports of Vancouver, New Westminster and Prince Rupert, all of which are open the year round. Then there is the port of Churchill which is open for a period of about two and a half months. There are also the St. Lawrence ports with a navigation season lasting for about eight months. Finally, there are the Atlantic ports of Halifax and Saint John which, while open for navigation all year, are used for the export of grain during the months of December to April inclusive when the St. Lawrence ports are closed.

At this moment I am particularly concerned with the movement of grain in the St. Lawrence area. I am sure that other members of the house will deal with the problems having to do with western Canada but as I speak at the moment I am particularly interested in the movement through St. Lawrence river ports. This movement originates at the lakehead. The grain is moved in three circuits. First, grain is moved by means of lake carriers down the great lakes for trans-shipment at the ports of Port Colborne, Prescott or Kingston from where it is trans-shipped in canallers to Montreal, Three Rivers, Quebec, Sorel and other such ports for further transshipment overseas. The second way is the lake and rail route. That shipment is by water to the bay ports and from the bay ports to Montreal and other St. Lawrence ports by rail. The third movement is an all water movement from the head of the lakes to Montreal and other St. Lawrence ports by means of canallers.

The reason I raise this matter is that there has been serious complaint at the port of Montreal that it has not been receiving a sufficient quantity of grain. In other words, the same quantity of grain that obtained in the past has not been there for transshipment overseas. I do not have the figures before me at the present time but I recall a recent statement made by the shipping authorities of the port of Montreal complaining bitterly that the movement of grain towards St. Lawrence ports was diminishing and was not nearly as substantial as it has been in the past. What are the reasons for this? I know they are manifold. I should like to bring the situation to the attention of the minister and say that one reason may well be the fact that a transport controller is not there to direct this movement of grain. That may have something to do with it.

I am sure there are other reasons. I am sure that the proximity of the Pacific coast ports to the wheat area also has a great deal to do with it and I am sure that rates have some influence on the situation. But I would direct the minister's attention particularly to the fact that there was no serious complaint in the past and I do not see why it is not possible to distribute the movement of grain in a more equitable manner. I realize that much of the grain moves during the short navigation season to the port of Churchill. There is an area within a certain radius of the port from which I presume it is much less costly to move grain to that port and from there to the United Kingdom market.

But the practice has grown up over the years to send a substantial movement to the port of Montreal and with the development of the St. Lawrence seaway and the fact that there are interests in the United States who state categorically that they will ship their wheat down this route to overseas markets by way of Montreal and other St. Lawrence ports it becomes more and more

important to make sure that this movement is assured and that facilities exist for transshipment at Montreal.

There are a number of questions I should like to address to the minister. First, following the line of the leader of the C.C.F. party, can the minister give the house some indication whether or not a transport controller will be appointed? Does he think, that the usefulness of a transport controller has disappeared entirely? Does he feel or do his officers feel, having regard to the present situation with respect to both railways and ships, that such an officer should not be appointed at this time? What is the present personnel of what remains of that office? Is it now being administered by the Department of Transport? If it is, I wish the minister would give us details.

I am sure that the C.C.F. leader will deal with the box car situation in western Canada in greater detail than I will but this matter is always one of interest to the house. I remember when I was on the other side of the house I was required to give from time to time the position respecting the shortage of box cars across Canada. What is the present position of C.N.R. and C.P.R. box cars in Canada? Is there a shortage of box cars? How many Canadian box cars are now held in the United States and, vice versa, what is the number of United States box cars in Canada? What is the proper balance as between the two? Did the minister want to say something?

Mr. Hees: Mr. Chairman, with regard to the first question of the hon. member for Laurier—

Mr. Chevrier: I had not finished.

Mr. Hees: Oh.

Mr. Chevrier: I thought the minister was rising to ask a question but if he wants to interject—

Mr. Hees: I do not want to interject. I thought the hon. member wanted me to answer these questions.

Mr. Chevrier: I asked the Minister of Trade and Commerce on the orders of the day today what the position was with reference to the box car investigation being carried on at the present time. I did not get much enlightenment from his answer. It may be that the Minister of Transport will be able to give the house more information. Then, what is the position with reference to ships?

Are there the required number in the great lakes area? Are ships required for the movement of ore under the purview of this resolution or of these powers? Most of the time when the house has been considering this resolution, it has been directing its attention to the rail aspect of transportation. I think one should not neglect the water aspect. Is there the required number of vessels? Those are questions that occurred to me as I was looking at this resolution.

I sum up by saying that there will be no doubt as to our position. We will want to support the extension of these powers because this is legislation similar to that which we proposed to this house. But I would appreciate from the minister some comment as to the attitude taken by his colleagues when on this side of the house, with reference to the powers, with reference to the rights of parliament that would be affected by the passage of these tremendous powers. I would hope the minister would not limit himself simply to a short general statement such as he has made. I am sure he will want to give the house, not only the answers to the questions that have been asked and will be asked in the course of this discussion but he will want also to justify the attitude of the government in the light of the position they took when they were on this side of the house.

Mr. Argue: Mr. Chairman, we in this group have taken the position, since the war that a transport controller was needed for the efficient movement and allocation of box cars amongst elevator points on the prairies. However it seems to me the attitude taken by the government in presenting this resolution at this time is a very strange one. The Conservative party over the years objected to the former Liberal government being given wide, all-inclusive powers. The former minister of trade and commerce, the Right Hon. C. D. Howe, was castigated and criticized for having very wide powers which he could use at his discretion. It would seem to me that the Conservative party is not in a suitable role in presenting this motion, in the light of its traditions and in the light of its actions in this house for many years.

The Conservative party has always objected to wide powers being taken by the government under particular circumstances. We in this group have always been prepared to look at any given case on its merits. If we have felt that wide powers were necessary, we were quite prepared to grant them. I believe, and now I am talking from the standpoint of the Conservative party's record, that in presenting this resolution at this time they are on very weak ground. I say they are on weak ground because of the answer just given by the Minister of Transport. It is one thing to say we want wide powers when there is a specific job to do

that requires wide powers. It is another thing to say to this house, we want wide powers on a speculative basis to take care of some undisclosed, unstated emergency which might arise at some time in the future.

I should like to see the hon. member for Greenwood take a good look at this resolution, and try to judge for himself whether or not it is a wise thing for the government to ask for such broad powers for undisclosed and unstated purposes. There may be a need for such powers. As a matter of fact, I think there is a need for such powers. I do not feel I am being inconsistent. I should like to see a member of the government stand up and tell us what they are going to do with these powers, then let us judge the necessity for them on the basis of the proposed action. I do not think it is good enough for the minister to say, we want these powers and we may or may not use them. I ask the minister whether these powers might be connected with the Bracken commission inquiry into box car allocations. I see him shaking his head in the negative. I cannot conceive of anything else they might have to do with. I am quite prepared to stand corrected, but as the former minister of transport well knows and as the present minister knows, this act has been used exclusively or almost exclusively in connection with the movement of grain. I believe that little, if any, of the power has been used in connection with the other commodities named.

I cannot see why, therefore, the government should want these powers unless it contemplates using the powers. I cannot conceive of any use to which the powers might be put other than as a result of the report that Mr. John Bracken may be making at some future date. The government has told us of the very heavy agenda that faces parliament at this time. The speech from the throne indicated there might be a great deal of work for this session. We have asked the Prime Minister what action might be taken on Dr. Clark's report, which might lead to an increase in pensions paid to elderly people. His answer was that there was an abundance of work for this session. He did not feel for this reason that parliament should be asked to deal with any such report during this session. Yet we have a minister presenting a resolution at this time and saying he does not know to what use the powers might be put. He wants these powers for two years, but he does not know for what purpose. He just wants to have them around. This sounds worse than C. D. Howe used to sound when he wanted powers. Usually, he wanted them for a purpose, and very often a laudable purpose. The present Minister of Transport just wants to have authority. He does not know if he is going to have a transport controller or a deputy controller, and he does not know whether any power will be used. But, even in peacetime, he wants to have power and I ask him, for what purpose?

Mr. McCleave: Are you in favour of him having it?

Mr. Argue: If he will do what I want him to do with it, and if he will use it in the way I should like him to use it, yes. Certainly, there is a need for it. When I asked him what the purpose was he did not say there would be a necessity for exercising such powers in connection with the distribution of box cars for the movement of grain. His answer was that he did not think it had anything to do with the Bracken royal commission. The producers on the prairie are as dissatisfied with the distribution of box cars under this administration as they were under the other administration in recent years. Producers are concerned that the allocation of box cars is forcing them to deliver grain to elevators that they did not choose. They are asking that this power be used to provide a fair and equitable system of box car allocation.

The grain producers of the prairies, through their main farm organizations, are in favour of a transport controller being appointed and they are in favour of the transport controller using his power to allocate box cars in order to allow farmers to deliver grain to the elevator of their choice. There are few other groups in this country which are forced by circumstances to do business with firms with which they do not wish to do business. The grain producer—and the Minister of Northern Affairs and National Resources knows this very well—has little or no choice because of economic circumstances. A few box cars are dropped off at elevator A and the farmers all line up in front of elevator A to deliver their grain because they are badly in need of money at that time.

Mr. Hamilton (Qu'Appelle): You will admit that we are doing something about it.

Mr. Argue: No more than the other government did. As a matter of fact, I have some figures to show that you are just about a tie. As a matter of fact, up until June 9 you are just a little worse than the other government.

Mr. Chevrier: I get some consolation out of that statement.

Mr. Argue: Of course, things are now improving slightly. In fairness, I must point that out. Farmers marketings from August 1, 1956 to June 5, 1957 in the prairie provinces totalled 442 million bushels. In a similar

period of time under the present administration, from August 1, 1957 to June 4, 1958, farmers' marketings were 396.1 million bushels. Hence the present government has a policy—or has not a policy, whichever way you want to look at it—which has had the result that during this period of time producers in the prairie provinces have marketed 46 million bushels less grain than they marketed under the previous administration. So when the Minister of Northern Affairs and National Resources says that things are improving may I suggest that those figures do not seem to bear out that suggestion. It is true that at the present time there is an improved movement of grain. It is correct to say that box cars are going out on the prairies in sizeable quantity and that there is an improved marketing of grain at this time. I do not know whether or not the Minister of Northern Affairs and National Resources would wish to hazard a guess whether farmers' marketings during the present crop year will exceed those of the last crop year. They have quite a long distance to go in order to do so.

Mr. Hamilton (Qu'Appelle): The main thing is that we have sold more abroad.

Mr. Argue: That is only part of it. The main thing is for the farmer to have an income; and the only way in which he can have an income is to deliver grain. Hence on the basis of farm deliveries the position is just a little worse this year than it was last year. The minister says they are selling more. That is true as far as wheat is concerned. It is not true as far as barley is concerned and it is not true as far as flax is concerned. However, it is true as far as wheat is concerned. There is a noticeable improvement there.

It has been my pleasure in this house in previous years to sponsor a bill setting forth a precise formula for box car distribution amongst various marketing points. I have promoted the proposition that once a year farmers should be able to indicate, by way of a ballot, the elevator to which they wish to deliver their grain; and that after having so indicated their choice, box cars in the subsequent crop year should be allocated amongst elevator companies in accordance with the farmers' wishes. As far as I know, that was the first enunciation of such a policy. I am pleased that farm organizations in general now have supported my proposal and have presented it to the Bracken royal commission. I am hopeful that the royal commission may make such a recommendation. If it does so, this legislation can have some sense and some practical application.

There is another method by which equity could be advanced. That method would be by the payment to farmers of storage for grain stored on their farms. If the government did that the farmers themselves would be able to deliver grain almost any time throughout the crop year with less compulsion because of economic circumstances. The Minister of Northern Affairs and National Resources says that this government is doing better than the previous government did.

Mr. Hamilton (Qu'Appelle): A lot better.

Mr. Argue: "A lot better", the minister says. I do not think there is much difference. With great respect to the minister, I do not think that the results in Manitoba would indicate that the people out there are very happy about what has happened since March 31st.

Mr. McGee: They are voting in a provincial election.

Mr. Argue: My hon. friend says they are voting in a provincial election. Where were all the Manitoba Liberal members of parliament during the last few weeks?

Some hon. Members: Oh, oh.

An hon. Member: Where were you?

Mr. Argue: I have been so accustomed for so many years to saying that about the Liberal party that I have used the wrong terminology. But what was done so unsuccessfully in the past by Liberals has been copied by the Conservative members with about the same degree of success. The great majority of Conservative members for Manitoba were not here in the last few weeks in this house. They were out in Manitoba explaining the federal government's policy, no doubt; and they have explained the policy so badly and the farmers are so greatly opposed to what the government is doing, that even though the Conservative party was able to get 100 per cent of the seats on March 31, they are down to less than 50 per cent in yesterday's election.

The Deputy Chairman: Order. It being five o'clock it is my duty, pursuant to standing order 15, to rise, report progress and ask leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

COMPANIES ACT

AMENDMENT RESPECTING COMPANIES IN DEFAULT ON RETURNS

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-14, to amend the Companies Act (annual returns).

He said: Mr. Speaker, I am going to take a rather unusual course on this bill so I want

to explain just how I came to get interested in it. In the last house, in following up some of the dealings of the former member for Port Arthur, I was checking up on a private holding company he happened to have because I was interested in discovering what relationship a certain very high civil servant had with this private company of the minister. I discovered that in the last year or two, though that company should have submitted a report to the Secretary of State (Mr. Courtemanche), no report had been submitted, and so I had to work on ancient information. Thus I submitted a question on the orders of the day to determine how many corporations were in default, in the years indicated, with regard to information summaries under section 125 of the Companies Act, and I discovered that there was a total in 1957 of 287 public companies and 893 private companies which were in default.

If any hon. members look up the penalty provided under that section they will find it is substantial. I wanted to know how many prosecutions had been laid against those companies in default and I was informed that there had never been any prosecutions. Fortunately I was never exposed to legal training, and this led me to ask the question: why have something in the law which provides a penalty which no one ever bothers to exercise? And so I felt the thing to do to clear up this situation of having 1,800 companies in default—in a sense, defying the law and yet the law not prosecuting them—was to abolish the whole matter, and so I went ahead with this amendment to the Companies Act. The first purpose of the amendment is to repeal subsection 4 of section 125 of the act. This is the section which says:

> Where a company makes default in complying with any requirement of this section, it is liable to a fine not exceeding twenty dollars for every day during which the default continues, and every director and officer of the company who knowingly and willfully authorizes or permits the default is liable to the like penalty, and such fines may be recoverable on summary conviction.

After I had put the bill on the order paper I discovered through the Secretary of State —through the officials of that department —that they had already taken steps to clear up this very thing that I was after. Through the courtesy of the minister I was able to spend a considerable time examining the set-up of the Companies Act agency and just how the provisions of the act were carried out. It is a minor matter, and I am quite willing to concede it.

I am very pleased to hear that the Secretary of State was under way in his move to check up on this particular point before my bill was on the order paper, and because the minister is now in the house and prepared to make a statement on the steps which have been taken I should like at this present time to yield the floor to the Secertary of State and have him make his statement with regard to this particular matter.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, the first purpose of this amendment is to repeal subsection 4 of section 125 of the Companies Act. This section applies to companies with share capital. The subsection to be repealed, at present reads as follows:

> Where a company makes default in complying with any requirement of this section, it is liable to a fine not exceeding twenty dollars for every day during which the default continues, and every director and officer of the company who knowingly and willfully authorizes or permits the default is liable to the like penalty, and such fines may be recoverable on summary conviction.

The second purpose of the amendment is to ensure, by the proposed new subsection 4, that parliament is informed each year of any company which fails to file an annual summary in proper form with the Secretary of State. I think I should outline the reasons why the bill should not be enacted.

Even though no prosecutions were ever undertaken under subsection 4, nevertheless its very presence in the statute has a salutary effect. If circumstances arose where a company deliberately refused to file a return no effective means would be available to the department to enforce compliance by threat of prosecution or to have a penalty imposed by means of a prosecution if the subsection were repealed.

Furthermore, the presence of subsection 4 creates an offence for which an aggrieved party could launch a private prosecution, a right which would no longer be available if the subsection were repealed. There are approximately 12,000 companies which file the returns each year. These returns are required to be filed on or before June 1st in each year. In each year, there are approximately 1,500 companies which do not file by June 1 for a variety of reasons, such as the absence of a signing officer, oversight or a psychological abhorrence of business people to file government returns. The returns arrive in the department in a deluge from the middle of May to the middle of June each year and the departmental staff is busily engaged in processing the returns received. This processing takes approximately three months.

The primary purpose of the return is to have the information respecting the companies. Therefore, when the bulk of the returns received is disposed of, the department sends out a notice addressed to all companies

in default. There is no statutory requirement for this notice being mailed, but it is a practice taken to follow up on defaulting companies. This notice usually results in about 1,300 of the 1,500 defaulting companies filing the returns, leaving about 200 companies each year.

When these companies are in default to file returns for three consecutive years, subsection 9 of section 125 requires the Secretary of State to give notice, by registered letter addressed to the company or its president as shown by the last summary filed; that is, should the Secretary of State desire to apply to the company the sanction provided by subsections 9 and 10. By subsection 9 the company is required to prove to the satisfaction of the Secretary of State that it is still a subsisting company.

Under subsection 10 if, at the end of one month from the date of such notice the Secretary of State has not received a response from the company or its president, the company may be deemed not to be a subsisting corporation and no longer entitled to the sole use of its corporate name.

The registered notices mentioned in subsection 9 do not result in many of the defaulting companies submitting returns. These companies were incorporated by the applicants with high hopes which did not materialize, and they simply give up. The directors all resign, and there are no funds or assets in the company.

In a recent judgment of the court of appeal in the province of Quebec, in the Acme Vacuum case, it was held that even though a company does not file returns for three consecutive years and does not respond to the registered notice sent under subsection 9 the company does not lose its corporate status or the right to the sole use of its name, unless so deemed.

As a consequence of this decision the department now waits for 30 days for a reply to the notice. If no reply is received, a further 30 day period is allowed to elapse and then a further notice is sent to the company deeming it not to be a subsisting corporation.

The practice of sending this further notice was inaugurated in 1955, following the decision of the Quebec appeal court in the Acme Vacuum case reported in (1953) Queen's Bench 188, and 19 Canadian Practice Reports 45, and has not resulted in more than six companies establishing that they are subsisting and filing annual summaries in arrears.

I quite agree that in addition to the deterrent effect of subsection 4 it should be enforced where circumstances warrant a prosecution. Therefore, steps have been taken by the officers of the department to compile a list of companies in default. A list of the companies —212 in number—in default to file summaries for the periods ending March 31, 1956 and 1957, together with a list of their directors, has been prepared. Notices are now being sent to these companies and their directors, together with arrival receipt cards pointing out the provisions of subsection (4). The reason that directors are being notified is to acquaint them with a knowledge of their obligations and because for a prosecution against a director to be successful he must have "knowingly and wilfully" authorized or permitted the default.

A further list of companies in default to file a summary for the period ending March 31, 1957 is also completed, together with the directors. This list contains the names of 350 companies. Notices are also being sent to these companies and their directors. Depending on the nature of the replies to be received investigation will be undertaken in co-operation with the officers of the department, the R.C.M.P. and the officers of the Department of Justice to ascertain the possibility of successful prosecutions. If the results of such investigation disclose that the companies are in fact carrying on business and that a prosecution would not prove abortive, such prosecutions will be undertaken.

I should also add that information is available in the department to any person who inquiries as to any specific company. The tariff of fees, as prescribed by P.C. 1954-1922 as amended by P.C. 1955-51 passed under section 141 of the Companies Act, contains an item—"Searches—each $1.00." There is another item entitled "Searches—within such categories as may be exempted by order of the Secretary of State—no fee". I can assure the house, through you, Mr. Speaker, that I am quite prepared to consider ordering that any inquiry by a member of parliament as to whether one or more specified companies have filed their annual summaries under section 125 in specified years be exempted under this item.

However, a list has not been prepared listing all companies in default to file annual summaries since confederation and those companies incorporated before 1867, which are subject to the Companies Act—although information is available with respect to each such company—because such would be a prodigious task at this late date.

Incidentally, if the bill were to be enacted it would necessitate other amendments to the Companies Act; for example, subsection (7) of section 125 would have to be repealed. Furthermore, as the proposed new subsection (4) would call for the names and addresses of

"managers" and "officers", subsection (1) paragraph (r) of section 125 would have to be amended to require disclosure of this information in the annual summary.

Representations have been received from members of the legal profession expressing the view that "the suggested report to parliament does not seem to have much merit, particularly if the penal clause is eliminated." It is also represented that the tabling in parliament of such lists would result in an unnecessary cluttering of parliament's records, bearing in mind that most companies actively carrying on their business do in fact file their returns and that the companies that are in default are largely inactive companies whose affairs would be of very little interest to more than a few people, and also that many companies use the non-filing of returns as a means of letting a company die and there is no improper intent in this, so far as the shareholders are concerned. I have already outlined the procedure following in the department under subsection (9) and (10) of section 125 with respect to defaulting companies, more particularly those that presumably are inactive and may be deemed to be no longer existing.

However, should there appear from this debate to be a general demand in the house for this, I would be glad to consider including a list of defaulting companies in the annual report of my department which is tabled in parliament. The report of the department for the year 1958-1959 for instance could list the companies which defaulted in 1958 and were still in default on March 31, 1959.

Mr. Fisher: Mr. Speaker, in view of the information that has just been given by the Secretary of State I would ask for leave with the unanimous consent of the house to withdraw the bill.

Mr. Speaker: The mover of this motion has proposed that with unanimous consent of the house the motion and bill be severally withdrawn. Is it the pleasure of the house to permit the motion and bill to be withdrawn?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

CANADA ELECTIONS ACT

EXTENSION OF RIGHT TO VOTE AT ADVANCE POLLS

Mr. D. M. Fisher (Port Arthur) moved the second reading of Bill No. C-15, to amend the Canada Elections Act (voting at advance polls).

Some hon. Members: Explain.

Mr. Fisher: Mr. Speaker, this is not a strange bill to any hon. member who has been in the house in previous sessions or who is a veteran of this place. The last discussion on a bill similar in content to this took place on January 3, 1958. The subject matter of this bill is something that was a favourite of the former hon. member for Winnipeg North Centre, Mr. Knowles. The idea of it, of course, is very simple although the actual changes it entails are quite complex.

The purpose of the bill is to provide the opportunity to vote at an advance poll to any citizen of Canada who believes he is not going to be at his own poll on the ordinary polling day. The main reason for the development of advance poll provisions stems from the very great changes that have taken place in the social structure of our society. As many hon. members know, originally election day varied throughout Canada. It was not until the eighties that a consistent election day applicable throughout the country was established. We then had a long struggle to bring in advance poll provisions for people who would not be in their own constituencies on election day. Finally in 1920 provision was made for certain categories of workers including railway employees and fishermen.

Since 1920 there have been even more changes in our social setup. There has been a tremendous acceleration in the shift of population from rural to urban areas. People are engaged in travel to a greater extent and there are many more businessmen on the road. There is an increased tendency for people to plan vacations in advance, sometimes even months ahead. A general election can be called at any time because it is the prerogative of the Prime Minister to call a general election and frequently people are away at election time. There has been a vast increase in construction and bush work and various kinds of employment which takes people away from home. There is no adequate provision for the change that has occurred in our social organization.

The advance polls we have at the present time are set up to operate on the three days before the Sunday and Monday of the actual polling day. The intent of this bill is to set the advance polling date earlier which would involve moving back the nomination day from two to three weeks.

Perhaps that is one of the criticisms that could be made of the bill from, let us say, the point of view of the Prime Minister (Mr. Diefenbaker), because the Prime Minister's freedom of action in choosing the election date of course becomes circumscribed the more complicated the election act gets. If you move the nomination day farther back from the actual election day you limit the choice and the freedom of time in setting up the election.

One of the other weaknesses of setting up advance polls is something we have to consider and that is the straight question of costs. A number of the provinces have gone into the provision of advance polls much more liberally than we have done in federal elections, and they have discovered that it is a fairly expensive business in terms of the number of votes that are actually cast. Any enthusiast of advance polls who looks at the election results in the Ontario general election of 1955 will quickly realize that the response to the advance poll provision was not as great as had been expected. No matter what provision you make it will be an infinitesimal part of the population which will vote at advance polls.

I am not deliberately trying to destroy the merit of this bill; I think the merit still exists. I am trying to anticipate the usual arguments.

When the former member for Winnipeg North Centre introduced his bill he made the point very clearly in relation to an election broadside that was put out by the first commoner of this house before the last general election. This broadside made the point that it was the Liberal government that was responsible for restricting the advance poll to such limited categories of people, and I think that argument is the one to keep to the fore, along with the fact that if the vote is a privilege that we have, every effort should be made to see that the privilege can be seized and taken advantage of.

I think that after the bill receives second reading it should be referred to the committee on privileges and elections and some sort of study should be made of how the provincial schemes are working and their costs before the bill is brought back from the committee for any further action.

There is little more that I wish to say. There is not much time left for any discussion of the bill, but I hope that members who do speak will stick to the point of whether the advance poll provision is a sound one from, let us say, the theoretical point of view and that we will not find them rambling off in the byways as we have had them do on certain other occasions when those private bills, especially those in connection with the elections act, and using this time as an opportunity for slanderous comment upon other parties who happen to have been involved in elections at various times.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this is the second time within a week that I have followed the hon. member for Port Arthur (Mr. Fisher) in replying to a bill which he has proposed. I wish to assure him that this time I am going to agree with him in principle. At the outset may I say I think it is quite clear that the present provisions for voting at advance polls are quite inadequate. I am definitely in favour of enlarging the provisions for voting at advance polls and I am in favour of the bill in principle, subject to one or two minor things which the hon. member himself has anticipated. Firstly, I think there should be no limit on the reason which must be advanced for a person to vote at an advance poll. At the present moment the person voting must have as a reason that he is going to be away on duty. That is a very disappointing reason to a good many people who go to advance polls in the hope of voting. If you want to find a reason you can always dream one up. In various instances, if the persons qualify to vote they do not have any trouble in finding the correct reason for doing so.

[Mr. Fisher.]

I also think there should be no limitation on the class of persons who are entitled to vote at an advance poll. When you try to limit the class of people you get into difficulties. One of the best examples I have heard of in recent times is that of a commercial traveller. At least he thought he was a commercial traveller until he went to vote. He was the purchasing agent for a large manufacturing company. He spends a good deal of his time on the road. He learned that commercial travellers were entitled to vote at advance polls, and so he presented himself to vote. When he presented himself there happened to be a rather sharp returning officer on hand who read to him the section about commercial travellers and it is set out in the explanatory note of the bill, and reads as follows:

> 'Commercial traveller' means a person employed on salary or on commission by a manufacturer or wholesale merchant to travel from place to place selling goods to or taking orders for goods from, jobbers and retailers.

Of course, the act quite clearly states that he has to be selling goods, and this chap to whom I refer did not qualify as a commercial traveller and was not permitted to vote. This is the sort of thing you run into when you try to limit the number or the class of persons who may vote. Undoubtedly, when the act was first passed a commercial traveller was a person who went about the country selling for a wholesale establishment, but in the meantime the customs of the business world have changed to the point where there are now a good many people on the road who are commercial travellers and who try to do a selective job in purchasing for the company which they represent. Therefore, Mr. Speaker, we should not try to limit the number or class of people who are to vote.

We have had many examples quoted in the house from time to time of people who ought to qualify and who are just slightly outside the strict group which has been laid down by the act. We all know of many people who have presented themselves at advance polls from time to time in the hope that they would be able to vote but because the act is so restrictive they found that they did not come within the proper class of people or that they were disqualified for some other reason such as not being away on duty.

I believe that the qualification to vote at advance polls should be as set out in this bill, namely substantially any person whose name appears on the list and who reasonably believes that he will not be present on election day. There is not much point in enlarging the class without opening up the act for all persons.

There is the other point the hon. member mentioned in connection with the time of holding an advance poll. Ten days before an election is a long time. Actually, a good many of the political parties and candidates set out at the beginning of an election to bring on a campaign. If they happen to be assisted by a high class advertising group, or by a person who is interested in and accustomed to selling goods and services or electoral candidates to the public, the campaign is started off on a slow basis and worked up to a climax a few days before election day.

A good many of the important and major speeches by party candidates, a good many of the ideas and matters that candidates want to bring forward, are left until a few days or a week before the actual voting day. A person who wants to vote at an advance poll has not received the benefit, if it can be called such, of campaign literature which he might otherwise have benefited from. Mind you, he may not even appreciate it. He may be the type of voter who would much prefer to make up his own mind a month before he votes, but regardless of that he has not been made acquainted with all the issues that the candidates wish to place before him.

I feel that ten days prior to voting day is quite a long time before voting day for advance polls and that the person who would vote at such an advance poll would not vote with the same knowledge and facts in his mind as a person who would go to the polls ten days later. That is one difficulty. I believe I understand the reason for the ten day period. In the first place, if we are going to open up the provision with respect to voting at advance polls to every person who is going to be away for any good and valid reason we are going to have a larger number of people voting at advance polls and if such polls are held on the Thursday, Friday and Saturday before election day as is the case now I can foresee that it will be practically impossible for returning officers to get proper lists of those who have already voted to the different polls.

These difficulties are certainly great. I have no doubt that even under the present system there is difficulty in that some person who wants to vote twice and thus break the regulations of the elections act can still do so. I perceive that there are two different situations so far as urban and rural polls are concerned. In the case of urban polls the difficulty under present conditions is the lack of ability to identify voters. On the other hand, it is safe to say that in a small rural poll of 50 to 150 people the deputy returning officer will know every person who presents himself to vote or if he does not the poll clerk or one of the scrutineers will. This is certainly not true in the case of the larger urban polls where no one may be aware of the actual identity of the person and it is very easy for a person to misrepresent himself.

But I do not think this difficulty is sufficient to justify advancing the date for advance polls. A person can now come along with identification, not be the person he claims to be and vote, thus contravening the elections act.

There is another difficulty in the case of rural polls. There the difficulty does not concern identification but the distribution of lists of persons who have already voted. In the case of rural polls there are great distances to be covered. With respect to urban polls, it is a very simple matter geographically for the returning officer to distribute lists of persons who have voted by going from one place to another in a reasonably short space of time. It is next to impossible to do so in the case of the larger rural polls where the polling subdivisions are often many hundreds of miles apart.

In the result, Mr. Speaker, I agree with the principle of the bill that we should enlarge the provisions for voting. We should enlarge the group who are entitled to vote at advance polls. I would be inclined to leave the time of voting as it is now. Let it be proved by trial and error whether it is satisfactory. I think it has been found that there are not too many who actually vote at advance polls. Granted that the number will increase when more are entitled, nevertheless I would not anticipate the terrific influx of people wanting to vote at advance polls that might be expected by some. If the act is to be amended I think it would be sufficient for the moment at least to enlarge the eligible group and leave the time of voting as it now exists.

Canada Elections Act

Mr. H. F. Jones (Saskatoon): Mr. Speaker, I do not intend to spend much time dealing with this bill. The very thoughtful speech of the hon. member for Parry Sound-Muskoka (Mr. Aiken) covered some of the major objections to it. I think, however, that we should direct our attention for a moment to the principle of the bill and what its objectives are. When the former member for Winnipeg North Centre introduced this bill in the last session of parliament he dealt with the principle in these words, as recorded on page 2807 of *Hansard* of January 3, 1958:

> It seems to me that we should take a new look at this question; that we should be thoroughly consistent with our belief that the right to vote is a privilege which belongs to every one of our citizens. If, then, the right to vote is a privilege, I submit that we have no right to take that privilege away from any one of our citizens if, for example, he has to be away from home because he is on vacation.

On that same page he went on to say:

> Either a citizen has the right to vote or he does not have that right and if he has it it seems to me that our elections act should safeguard it in every possible way.

Then he went on to refer to the provisions of the present act with respect to the entitlement of armed forces personnel to vote. Then he came back to his theme, the principle of allowing every person to vote who has the right to vote, and said:

> Furthermore that vote should not be taken away from him because the election happens to fall at a time when he has to be away, whether it be on some kind of business not covered by the act or whether it be because he is on a holiday.

It seems to me that the bill introduced today does not meet the very principle enunciated by the original author of the bill. It seems to me that the original intention of those who are in agreement with the proposition that all people who have the right to vote should have the opportunity to vote would embody something more than just extending the qualifications respecting people who can vote at advance polls.

For example, there are many people who would not fall within the classification of those who could vote under the act as it would be amended by the bill before us. There are many Canadian citizens who would otherwise have the right, and should be given the right, to vote who may be in hospital with chronic ailments or people who may be temporarily out of the country at the time these advance polls were to take place. This bill does not deal with that situation at all. I mention the problem here because it seems to me that some provision should be made if we are to amend the elections act to provide for absentee voting, to provide for those who have the right to vote but who cannot attend an advance poll.

[Mr. Aiken.]

Now, in my practice of law I had the opportunity on one occasion of assisting a lady from Texas to vote in the United States elections. She came to the office with a number of forms of various sorts and sizes, and as a result of going through these forms before a notary she was able to vote in the presidental elections which were taking place in the United States, and to have that vote cast in Canada. It seems to me that is a provision which we should at least consider before passing this bill.

The point I have raised here I submit is one that we have to consider when we are considering not only this bill but the several other bills which are on the order paper purporting to amend piecemeal the elections act. I notice, for example, on today's order paper there is Bill No. C-15 with regard to advance polls; Bill No. C-18, concerning election expenses; Bill No. C-19 concerning the publication of straw poll results. There is a further bill, No. C-23, to amend the act with regard to absentee voting, and Bill No. C-8 which is to amend the Canada Elections Act. This seems to me to be a very piecemeal approach to the whole problem of correcting our elections act.

Mr. Winch: How else can a private member do it?

Mr. Jones: It seems to me the proper way to do this, and I earnestly urge the Secretary of State (Mr. Courtemanche) to take this into consideration, is to open the whole act for revision. At that time the very many matters which should receive consideration could be discussed. I think the whole problem of ensuring that Canadians have the right and the opportunity of casting their ballot should be thoroughly investigated. Perhaps at that time we could have the benefit of the experience of those who are well informed on the procedures used in the United Kingdom and in the United States, with a view to making our own act more inclusive. I earnestly hope such consideration could be given by the committee on privileges and elections well in advance of another election. It seems to me that proceeding as we are, with five different bills each attacking one portion of this Canada Elections Act, is not going to serve a really useful purpose. The purpose could best be served, I feel, by having a general revision of the act when the various arguments could be dealt with in the committee on privileges and elections.

In his introductory remarks in connection with this piece of legislation, the hon. member for Port Arthur (Mr. Fisher) mentioned that the cost of such an amendment should be studied. I certainly agree with him in that, although I do suggest that we should

be very careful not to allow the question of cost to affect our decision on the sort of amendments that should be made because the right to vote is a very sacred right, as all parties agree, and has been won at enormous cost and sacrifice over the years.

Certainly, Mr. Speaker, in view of the privilege we in Canada enjoy as the result of the efforts of our forefathers in obtaining the right to the vote we should attack this serious problem in a serious manner, and in a way in which we can effectively deal with the various points that do need to be considered. I noticed, too, in the remarks of the hon. member for Port Arthur there was reference to a new problem which arises in connection with construction workers. This problem may be expected under the development program which is the policy of this government, and may be expected to increase. I am sure the hon. member will be happy to look forward to that increase.

There is a real problem in that connection because, as was pointed out in the debate last year, the problem certainly obtains in my own constituency. People work on projects at some distance from the place where they live. Often they have to rise long before the polls open and return to their homes after the polls have closed. The same situation applies to advance polls. This bill would not provide the solution for these people who rise before the opening of the advance poll, go to their place of work and return after the advance polls have closed.

Mr. Broome: After 10 o'clock?

Mr. Jones: Yes.

Mr. Broome: They would be working 20 hours a day.

Mr. Jones: I can tell you that in Saskatchewan, for example, there are many people working on projects which are 80 to 90 miles away. Some of these people are away from the constituency for several days at a time; they go to trailer camps and so on to fulfil their duties. I feel that in this connection the bill does not meet what we, on every side of this house, wish to see done and that is that every Canadian who is entitled to vote shall have a reasonable opportunity to cast his ballot on election day.

Mr. B. C. Thompson (Northumberland): Mr Speaker, I should like to make a few observations on this bill. I consider the amendment to be a very important one because it deals with the time during which votes may be cast. It deals also with the exercise of our franchise which is one of the most precious privileges we have today.

In so far as this particular bill is concerned, there are one or two questionable features about the principle of extending the advance poll in the manner in which this bill advocates. One questionable feature, as I see it, is the fact that by giving to everyone who believes that he or she may be absent from the riding on polling day permission to use the advance poll in effect we create three voting days rather than just one. The bill makes provision for anyone who believes that he will be away; and the fact is that it is not essential that that person in fact be away on the ordinary polling day; all that is necessary that he believes at the time he makes the affidavit that he is going to be away. It therefore leaves it open to anyone to make use of the advance poll and in effect there are created three general polling days rather than one.

The difficulty with that suggestion, as I see it, is that you have two different forms of procedure, one on an advance polling day and one on the general polling day. On a general polling day the poll clerk in the poll has a poll book in which he records the names and particulars of each individual who votes. On the advance polling day no poll book is used. The affidavits of the people who vote are kept by the poll clerk. Therefore in effect you have two different procedures used on the two different days. You have the voters on one day being treated in a different way from that in which voters are treated on the other day. They are not subject to the same procedure. It seems to me that if we want to provide for people who may be away, possibly we should just have three general polling days rather than two advance polling days and an ordinary voting day, in this way giving everybody the benefit of the same procedure during the election.

Those are just two points that I raise for the consideration of the house. I think the principle of this bill is very desirable. I do not think there is any member in the house who has not had the experience on advance polling day of people coming to him who are going to be away; they may be going away on a trip or going away on holidays and they say, "Can I use the advance poll? Can I vote at the advance poll on advance polling day?" Of course the answer is no; and it is difficult for them to understand why they cannot do so. I think every hon. member has had that experience.

Another difficulty in connection with the present act and the way in which it is worded at the present time is that in some cases it is difficult to interpret and you have a ruckus, a disagreement or an argument at the polling booth as to whether or not a person is

entitled to use the advance poll. For that reason I think there is room for improvement in the present act.

The purpose of the elections act is to allow as many people as possible to exercise their franchise. We want as many people as possible to have the right to vote. In spite of the people who are on holidays, who may be ill or who may be working at some occupation other than those stipulated in the present act, in my riding a large percentage of the voters vote; the percentage is in the eighties. I think that speaks very well for the people of my riding, for the interest they take in elections and in the exercise of their franchise.

The present section came into force, as I believe the hon. member for Port Arthur (Mr. Fisher) stated, in 1920. Since that time many changes have taken place. It is much more customary now for people to go away on holidays; more people go away. It is also customary for them to stay away longer. This does not apply to any particular time of the year; it applies at all times of the year. As changes take place with the lapse of time it is necessary to bring our laws up to date. As to the principle of extending the right to use the advance poll to some people, I think it is a worth-while one.

Mr. Fisher: Would the hon. member permit a question?

Mr. Thompson: Yes.

Mr. Fisher: Is the hon. member aware that on second reading approval is given in principle? Since he approves in principle, if he does not sit down and allow the question to be put to a vote we shall not have this bill approved in principle; and he has already indicated that he approves.

Mr. Thompson: If the hon. member would allow me to finish what I have to say, maybe we can bring the matter to a vote. I have one other observation I want to make. It has to do with the cost. At the present time we have advance polls. We are faced with this extra expense and we have very few people who are able to take advantage of them. For a little extra cost we could give a greater number of people the same advantage. Actually the cost factor would not make much difference. We could do it without much additional cost. As I say, Mr. Speaker, I support the principle of this bill but there are some provisions of it which I cannot support, and I should like to deal briefly with them.

At six o'clock the house took recess.

[Mr. Thompson.]

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Donald M. Fleming (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said:

Mr. Speaker, I am deeply sensible of the privilege of presenting this Canadian budget for the year 1958. I approach this task tonight in a spirit of deep humility and dedication in recalling, as did some of those who have preceded me in delivering their first budget speech, that this honour has fallen in times past to the lot of some very great Canadians. The task has been filled with challenge.

There is much that is associated with the annual budget which is traditional. I have the healthiest respect for sound tradition, and I have, I hope, in the preparation and presentation of the budget faithfully followed the best traditions of our parliamentary practice. There is one practice associated with the presentation of the budget in the Canadian parliament, however, which I shall not describe as a tradition, from which, if hon. members will bear with my acknowledged limitations, I intend deliberately to depart tonight.

A careful review of all the budget speeches delivered in the Canadian parliament since confederation has disclosed that in no case has any portion of the budget speech ever been delivered in the French tongue. It is surprising to me that in a parliament with two official languages enjoying complete equality every part of the budget speech has always been delivered in English. It is true that on three occasions, December 7, 1867, April 28, 1868, and May 7, 1869 respect was shown for the rights of the French language. These were the days before the *Hansard* report of the debates of the house, but the scrapbooks on the proceedings in the house in the early days after confederation are available in the library of parliament. They indicate that on these three occasions following the budget presentation in English by the Hon. John Rose, Sir Georges Etienne Cartier followed in French with an explanation or abstract of the statements of the minister of finance.

At the outset I should like to acknowledge with deep gratitude my indebtedness to the officials of the Department of Finance and the Department of National Revenue for the

service that they have rendered in the preparation of this budget as well as in the performance of their other duties. They have demonstrated an exemplary devotion to public duty and have worthily maintained the highest traditions of the Canadian public service.

I must mention one in particular. I know it is a matter of regret on the part of all hon. members that Dr. A. Kenneth Eaton, assistant deputy minister and director of the tax division of the Department of Finance is retiring from the public service on July 15th. Dr. Eaton has played a very important role in the preparation of every Canadian budget in the last quarter of a century. He has achieved an international reputation as an expert in public finance and taxation. Many of the sound and enduring features of the Canadian tax system are the result of his expert knowledge and advice. For my own part, I should like to record my appreciation to Dr. Eaton for his willingness to continue beyond the intended date of his retirement to assist me in the completion of this year's budget.

ECONOMIC REVIEW

During the past 18 months Canada shared with most of the rest of the world some slackening in the pace of economic growth. Business activity declined in the United States, and the rate of expansion slowed in western Europe. In Canada unemployment emerged as a serious problem and declining business capital investment as a significant developing tendency. Nevertheless, it would be a mistake to forget that there were solid achievements on the economic side and developments which augur well for the future.

Foremost among the factors which we must keep in mind in reviewing the year 1957 is the record population increase of 552,000, an increase which brought our population at year-end to 16.9 million. About half of this growth was the result of natural increase and about half was due to the exceptionally high level of immigration. Some idea of the economic importance of this great increase can be gained from the fact that there are only three Canadian cities with a population in excess of half a million people. It is as though we had added during 1957 another city almost the size of metropolitan Vancouver, or a new province nearly as populous as New Brunswick.

Population growth of itself does not ensure progress, but in a country such as ours it has a special significance. It provides a greater market for our agricultural produce and for the products of our factories and reduces our vulnerability to changes in external demand. It brings us a greater diversity of talent and the means of employing it to better advantage. It reduces the per capita cost of supplying essential services in this great land. There can be no doubt that the population growth of the post-war period has had these effects.

The second factor which I would mention is that during 1957 Canadians added $7.4 billion in plant, equipment and housing to an already large stock of physical capital while a further $1.4 billion was added by governments to our social capital. From these important increases, the largest in any year in Canadian history, will flow future increments to income and to well-being and national productivity.

There is another factor to which I should like to call attention—the trend in foreign investment and the balance of payments. The great bulk of the large capital investment I have mentioned was matched by Canadian saving, but there were substantial capital inflows and an increase in our foreign indebtedness. This net capital inflow was the other side of our balance of payments deficit which amounted to $1.4 billion, practically unchanged from 1956. But while our deficit on current account was little different for 1957 as a whole than for 1956, there was a marked difference in trend. A substantial part of the deficit in both years arose because of the intensity of our investment boom which led to greatly expanded imports of machinery and equipment from the United States. As the boom lost momentum in the latter part of 1957, these commodity imports declined very rapidly so that a much smaller deficit is indicated for the current year.

It is apparent, therefore, that a number of developments of 1957 can be sources of strength and improvement. We ended the year richer in numbers, in skills and experience, with a larger and more productive stock of capital and consequently somewhat less dependent on foreign markets or sources of supply. These are developments on which we can safely base an abiding faith in our future.

The budget white paper, tabled yesterday, reviews in considerable detail the economic forces in operation through 1957 and early 1958. All I need do this evening is to highlight the main developments as they bear upon the formulation of our budget policies.

The rate of economic growth slowed noticeably during 1957 as the forces which underlay the great surge of 1955 and 1956 spent themselves. For the year as a whole gross national product amounted to $31.4 billion, and was 4 per cent higher than in 1956. However, most of the increase of 4 per cent was due to higher prices. There was a moderate gain of one per cent in the volume of non-

agricultural production, but agricultural output declined as a result of the smaller western grain crop.

Some slowdown in economic activity was to be expected after the excessive pace of 1955 and 1956, a pace which was straining our resources of men and materials despite very large borrowing abroad.

The most important change which emerged during 1957 was the decline in the importance of business capital investment as a dynamic force in our economy, particularly investment in our resource industries. A somewhat larger decline in capital investment occurred in the United States. This declining importance of capital expenditure as a stimulus in our economy should be examined in the light of the developments of the last few years. During a great part of the post-war period perhaps the most notable characteristic of the Canadian economy has been the rapid rate of investment and particularly investment in increased capacity in the resource industries. This strong growth factor has been based not only on world demand for many Canadian raw materials but on the rapid growth at home of population and incomes. Following the recession of 1953-54 there was a new period of expansion characterized by rapidly rising demand for basic industrial materials, and this expansion was in evidence throughout the western world. As a result, world capacity in metals, fuels and forest products was enlarged much more rapidly than demand, and Canada, an important source of these materials, experienced the full force of this expansion.

Early in 1957 many commodity markets moved into a position of over-supply. The doubts created by these particular developments began to affect the plans for further expansion. In particular, this began to make itself felt in the resource industries, and as a mood of caution began to develop it spread to other industries. By mid-1957 the value of large capital projects being started began to run behind the value of projects being completed.

These were the developments which have led to an important change in the role of capital expenditure and to the change of emphasis within the capital program.

At the same time, the strongly inflationary conditions and the mood of optimism fostered a very rapid rate of inventory accumulation which placed a further strain on the economy in 1956 but was withdrawn as 1957 progressed. In 1956 capital expenditure rose by 30 per cent and together with increased inventory accumulation accounted for almost one-half the very large increase in total demand. In 1957 there was a much more moderate rise of 9 per cent in capital expenditure. More important was the fact that during 1956 capital expenditure was rising at a rapid rate while in 1957 investment outlays as a whole first levelled out and then declined slightly. The slow-down in the rate of capital investment was accentuated by the inventory liquidation which developed toward the end of the year. This reduction in inventories continued into the first quarter of 1958, which has meant that to some extent the demand for goods is being met out of stocks rather than giving rise to new production.

Although business capital investment ended the year on a weaker note than it had begun, the reverse was true of housing. The expansion of housing investment had come to an end in the middle of 1956 when the keen competition for loan funds resulted in a shortage of mortgage money and brought about a decline in home-building. During 1957, however, the competition for loan funds became less active as the year progressed and, more important, in August and again in December government funds in a total amount of $300 million were made available to augment the loan funds supplied by insurance companies, banks and other private lenders. At the same time new stimulus was given to the demand for housing by reducing down-payments on homes financed under the National Housing Act and by lowering income eligibility requirements.

These measures were the major factor contributing to the sharp rise in house-building during the second half of the year. This improvement has continued into 1958, and for the first four months of the current year housing starts have been about 80 per cent higher than they were for the same period in 1957.

Consumer expenditure was an important sustaining force in 1957, and at the end of 1957 was running about 4 per cent higher than a year earlier. Expenditure on durable goods, however, showed practically no increase over the previous year, reflecting in part the slower growth of incomes but also the rapid expansion in 1955 and 1956 which was based upon large increases in consumer credit.

Government expenditures contributed to the maintenance of economic activity. At all three levels of government they rose by almost seven per cent despite some decline in defence expenditures. Transfer payments especially rose rapidly and for the latter half of the year they were an important element in sustaining and increasing personal income and consumer demand. The largest elements in this increase were the greatly increased payments from the unemployment insurance fund, larger payments to the aged,

the blind and the disabled, larger veterans allowances and pensions and increased family allowances.

Export trade, which is so important to the livelihood of so many of our people, was well maintained in 1957. There was some weakening in the demand for forest products and base metals, but there were other products which made noteworthy gains. For the year as a whole, exports were 1½ per cent higher than in 1956. Uranium exports were three times as large as in 1956, and petroleum exports rose by one-third. Our exports of iron and steel, nickel, and beef cattle were substantially higher. Wheat sales although lower for the year as a whole began to pick up in the last quarter and since December they have forged ahead on a year-to-year comparison.

I have reviewed the main changes in the strength of the underlying economic forces during 1957. The reduction of the pressures and demands which characterized 1956 led to a mood of greater caution with regard to new capital ventures and was reflected in a declining rate of increase in job opportunities. Despite these conditions, there were more people at work in each month of 1957 than in the comparable month a year earlier. The increases over the preceding year became smaller as the year progressed and in January, February and March of 1958 employment was slightly lower than a year earlier. However, by April 1958 employment was again higher than a year earlier. For 1957 as a whole the number of people with jobs averaged 135,000 or 2.4 per cent higher than in 1956, an increase which compares quite well with the increases in employment during 1955 and 1956.

It was something of a coincidence that this period of adjustment should have occurred simultaneously with the largest expansion of the labour force that this country has ever known. The labour force increased by 210,000, about double the average annual rate of the preceding five years. About half of this increase was due to the unusual rate of immigration and the remainder to natural increase and a further rise in the proportion of the population seeking employment. The combination of somewhat less favourable employment opportunities with a rapidly expanding labour force resulted in an increase in unemployment. As employment was higher through 1957 than through 1956, so also was unemployment.

For 1957 as a whole the average number of persons without jobs and seeking work was 254,000, an increase of 75,000 over 1956. As a percentage of the labour force, unemployment in 1957 averaged 4.3 per cent, equalling the rate in 1954. Once again the latest figures are encouraging, showing a rapidly narrowing gap in the percentage of unemployed as compared with a year ago.

From October to December there was a pause in the upward movement in aggregate labour income, although for the year as a whole the rise in labour income amounted to 7½ per cent, but early in 1958 the upward trend in aggregate labour income reasserted itself. The average annual earnings per paid worker rose by four per cent during 1957 although there was a decline in the average hours worked per week.

Despite the much lower grain crop in the west, farm cash income supported by substantial liquidation of inventories declined only slightly in 1957. Returns from livestock and from dairy products were substantially higher.

Corporate profits declined by 11 per cent as costs rose and markets became more competitive. Other investment income, which includes rentals and bond interest, rose by 11 per cent.

As we have seen, the expansion in Canadian income during 1957 was less rapid than in 1956. Nevertheless, the total savings out of current income were almost as high as in 1956 and amounted to about $6 billion. The largest part of the nation's saving arises from funds set aside by business enterprises, either as depreciation allowances or as undistributed profits. In 1957 business saving as a whole was little changed from 1956, accounting for about three-quarters of total saving. Personal saving was down about 5 per cent and accounted for almost one-quarter of total saving.

In 1956, and again in 1957, a substantial part of our investment program was financed from abroad. The deficit on current account in 1957 amounted to $1.4 billion. This deficit was financed to some extent by direct U.S. investment in Canada but sales of securities, as in the previous year, were the major source of external capital. A good part of the rapid rise in imports which took place in 1956 and early 1957 was the result of heavy imports of machinery, equipment and industrial materials connected with our capital program. The importation of these items helped us to escape some of the pressures connected with the high level of domestic investment. The converse of this situation is that the decline in investment in machinery and equipment has fallen to a very considerable extent on imports which have shrunk markedly in the last few months.

To some extent the pressures generated in 1956 did not have their full effect on prices until 1957. Thus, the consumer price index,

which began to rise in mid-1956, continued upward until last October, and experienced another short period of increase in the first four months of this year. Wholesale prices, on the other hand, reached a peak in January 1957, declined 1.4 per cent during the succeeding ten months, and have risen again moderately since November. The rise in consumer prices offset about half the increase in average wage rates so that advance in real income during the year was about two per cent.

In the absence of immediate inflationary pressures I would not expect any general increase in prices during the balance of 1958. But this is not something we can take for granted. It is the duty of all groups and classes in our society to ensure that the prospects for a sound recovery are not dimmed by a spiralling of costs or that efforts to stimulate recovery do not lend strength to a new inflation. Inflation remains a very real danger against which we must remain guard.

(Translation):

I have dealt with some of the more significant economic trends which have developed over the past several months—with the declining strength of business capital investment and with the consequences from an employment standpoint of the slackening of demand. The natural economic effects of these tendencies have been softened and reduced by government action on a number of fronts. I have already referred to the large amount of money made available for housing. In addition, in line with the government's intention to proceed with a comprehensive program of national development and at the same time to alleviate current unemployment, a major program of public works is now being implemented. In this connection I indicated to this house last January that our desire for a balanced budget would not take precedence over the necessity to provide jobs for the unemployed.

Additional financial assistance being given to the provinces will enable them to proceed with needed capital improvements in the provincial and municipal fields. Social security benefits have been substantially increased during the past year. Benefits under the Unemployment Insurance Act have been expanded. The Unemployment Assistance Act was amended so that the federal government now participates equally with each province in the cost of assistance to those not drawing unemployment insurance.

[Mr. Fleming (Eglinton).]

Taxes were lowered. The exemption for children receiving family allowances was raised from $150 to $250 and for other children from $400 to $500. There was as well a reduction in the rate of personal income tax. The special excise tax on automobiles was lowered by one-quarter and small businesses were benefited by an extension of the corporate income bracket subject to the 20 per cent tax rate from $20,000 to $25,000. The total reduction in taxes amounted to $178 million in a full year.

(Text):

Monetary policy also changed in the latter part of 1957. The money supply was expanded rapidly after mid-August, and partly for this reason and partly because of a reduction of demand in certain credit fields, monetary conditions in Canada generally became easier and interest rates declined substantially. Banks have now for some time been in a position to meet all credit-worthy demands for commercial and personal loans. Market rates of interest in almost all categories of borrowing have declined substantially.

The value of the Canadian dollar in terms of the United States dollar rose to a high of $1.06 in August 1957 and then declined steadily to a low of $1.01 in January 1958. Recently the Canadian dollar has been somewhat stronger and the premium in terms of United States funds has recently been around 3¾ per cent. It is often said that a decline in the exchange value of the Canadian dollar would contribute to the profitability of our export industries and, at the same time, improve the position of those producers who are most exposed to import competition. It is true that some benefits of this sort would accrue to some industries, but at the same time we would lose certain advantages which a strong exchange rate gives us. The weakening of our exchange rate would turn the terms of trade against us and to this extent we would pay more for our imports and receive less for our exports. Prices of imported raw materials, machinery, equipment and tropical foods would tend to rise in Canada. In other words, a change in the external value of the Canadian dollar brings gains to some Canadians and losses for others. The exchange rate is determined by the interplay of forces operating in the exchange market through their effect on the supply of and demand for United States and Canadian dollars. While our exchange fund is used to limit the effect of short-run fluctuations in these forces, we do not attempt to reverse persistent market trends. Indeed, it is doubtful if the exchange fund could be successfully employed for this purpose over any extended period of time.

I can conclude this analysis of our economic situation by saying that there are hopeful signs that we have reached the end of the recent decline. Moreover, the problem has moved more clearly into the domestic field. Although the influence of external demand was important as one of the origins of the current adjustment, the direct effect of the decline in certain basic exports has been less significant than the indirect effects on business capital investment. Now that capacity in a number of industries has overtaken or exceeded current demand it seems obvious that relatively less of our energies will for a time be directed to creating new capital facilities in the business sector. As a result we shall be able to devote more of our energies to filling some of the gaps which have developed over the last few years in housing, in municipal services and in other requirements for social capital in Canada, and in laying the basic foundations for the new period of business expansion which will not be long delayed. The policies of this government are assisting the growth in housing and social capital. The expanded role of social capital is illustrated in the 1958 Outlook for Private and Public Investment published by my colleague the Minister of Trade and Commerce. Present investment intentions of business for capital outlays in 1958 are about 11 per cent below the 1957 level. Planned outlays for housing, government departments and institutional services on the other hand are 14 per cent higher.

With these factors in mind and with due regard for the resourcefulness of the Canadian people and the determination of this government I have no hesitation in budgeting on the basis of a resumption of the rise in incomes and production. Assuming normal crops, stable prices and no untoward external events, I am basing my revenue forecasts on a gross national product of $32 billion, which is about 2 per cent above the level achieved in 1957.

GOVERNMENT ACCOUNTS, 1957-58

I propose now to review briefly the government's accounts for the fiscal year that ended on March 31. Comprehensive statements of these accounts are contained in the white paper which I tabled yesterday and hon. members will find further details in it. These figures are preliminary and subject to revision.

In my financial statement last December I accepted my predecessor's forecast of revenues for 1957-58 of $5,170 million, which after taking into account the tax reductions I announced then would have resulted in net revenues of $5,144 million. As I was budgeting for expenditures of $5,064 million, a prospective surplus of $80 million was indicated. Although the fiscal year ended some weeks ago the books for the year have not yet been closed and some entries have still to be made. On the basis of the figures in the white paper which I tabled yesterday revenues were $5,047 million, expenditures were $5,086 million and there was a deficit for the year of $39 million.

The decrease in revenues of $97 million below forecast is less than two per cent and reflects the earlier decline in the general level in economic activity which only began to show its effect on revenue collections in the January figures which became available early in February. Expenditures, at $5,086 million, were $21 million or less than one-half of one per cent higher than I had forecast last December.

Each year in addition to the expenditures for government services that are included in the budgetary accounts, the government disburses substantial sums for loans, advances and a variety of other essential purposes. During 1957-58 these disbursements amounted to $571 million, and included $108 million to Central Mortgage and Housing Corporation, $95 million to the St. Lawrence seaway authority, and $71 million to the Northern Ontario Pipe Line Crown Corporation. To meet these outlays substantial sums amounting in all to $447 million were available from the repayment of loans, net annuity, insurance and pension account receipts and from other non-budgetary sources. Details of these will be found in the white paper.

It has been possible to finance this budgetary deficit of $39 million and the net amount of $124 million required to cover the excess of disbursements over receipts in our non-budgetary operations, without any net increase in the government's outstanding unmatured debt, by reducing our cash balances by $163 million.

Our public debt operations during 1957-58 included the redemption and refinancing of a very large volume of government securities. Net sales of Canada savings bond series 12 amounted to $1,177 million and other new securities amounting to $1,350 million were issued, in addition to the refunding of treasury bills which matured weekly. During the fiscal year outstanding securities amounting to the very large sum of $2,650 million, including $1,050 million of previous Canada savings bond issues, were redeemed. After taking into account the net sales of securities amounting to $123 million from our securities investment and sinking fund accounts the unmatured debt held outside these government accounts was almost exactly the same at the end of the fiscal year as it was at the beginning.

During the first five months of the fiscal year interest rates generally as in the previous period continued to rise, reaching a peak in August. Thereafter the rates began to fall and this downward trend continued to the end of the fiscal year. The average interest rate paid on the government's unmatured debt was 2.98 per cent at the end of the fiscal year compared with 3.05 per cent at the beginning of the year. Treasury bill rates reflected a similar but more pronounced trend. The yield on the first issue in the fiscal year was 3.69 per cent. In August the yield rose to a high of 4.08 per cent, falling thereafter to a low of 2.27 per cent on the last issue of the fiscal year, and the most recent issue was at 1.76 per cent.

I should like also to report briefly on the operations of the old age security fund during 1957-58. Pensions of $55 a month are paid from the fund, the monthly allowances having been raised from $40 to $46 as from July 1, 1957, and from $46 to $55 as from November 1, 1957. Payments from the fund during the year amounted to $474 million. Revenues of the fund are derived from the proceeds of the two per cent taxes on sales, corporation profits and personal incomes and in 1957-58 these amounted to $372 million. The deficit for the year of $102 million was financed by a temporary loan from the Minister of Finance, and parliament will be asked for authority to charge this deficit, together with $1½ million representing the remainder of the 1956-57 deficit, to expenditures in 1957-58.

INTERNATIONAL TRADE AND ECONOMIC RELATIONS

I should like next to review some of the main developments in our international trade and economic relations. The importance which the present government attaches to a healthy and balanced expansion of our foreign commerce requires no special emphasis or repetition. The important initiatives we have taken in this field and the constructive results already achieved are well known. We shall continue to pursue this task with energy and determination.

Our broad objectives have been clearly stated by the Prime Minister on appropriate occasions. In brief, they may be described as follows:

1. To achieve expansion, diversification, better balance, and greater stability in our trade with all countries;

2. To extend and strengthen Canada's trade and economic relationships with the commonwealth;

3. To support and promote a regime of law, order and morality in the field of international trade; to respect the spirit and intent of international commitments; and to stand ready to defend our rights and interests if they are challenged or ignored;

4. To recognize the legitimate needs of Canadian producers; and to safeguard them against unfair trading practices;

5. To promote the balanced growth of all sectors of Canadian industry and agriculture.

To implement this program fully will require sustained co-operative effort by the Canadian government, Canadian business and the Canadian people. We have already witnessed a successful demonstration of such co-operation in the trade mission to the United Kingdom which was led by my colleague the Minister of Trade and Commerce (Mr. Churchill), last autumn and in the return visit of a distinguished group of British businessmen this spring.

I have already referred to Canada's balance of payments position and the main changes in our external trade and investment accounts. I should like now to comment upon the recent trends in our commodity trade.

The value of Canada's merchandise exports in 1957 increased by $73 million to the record level of $4,936 million. On the other hand, imports declined by $82 million to $5,623 million. Our deficit on commodity trade was thus reduced from $842 million to $687 million, or by almost one-fifth.

This trend towards a smaller deficit on trade account has continued into 1958. For the first four months of this year exports have held steady at about the same level as a year ago, while imports have substantially declined, and the deficit in this four-month period has been cut from $406 million to $174 million, a drop of more than 50 per cent.

The changes which occurred in the geographic pattern of Canada's external trade during the period under review are no less significant. The United States continues to be by far Canada's largest trading partner, accounting in 1957 for about 60 per cent of our total exports, roughly the same proportion as in 1956, and for about 70 per cent of our imports, which was significantly less than the 73 per cent in the previous years. This change resulted from a small increase in our exports and an appreciable decline in our imports. Although our trade deficit with the United States was reduced by about 20 per cent it still exceeded $1 billion. This trend towards reduction in our deficit in trade with the United States has been accelerated in 1958, with imports falling off much more sharply than exports.

Both import and export trade with the United Kingdom on the other hand moved in the opposite direction. In 1957 the United Kingdom took some 15 per cent of our total exports as compared with 17 per cent in 1956;

on the import side the United Kingdom supplied 9.3 per cent of our import requirements, somewhat better than the 8.5 per cent achieved in 1956. As a consequence, the United Kingdom deficit with Canada on trade account declined from $333 million to $220 million or by roughly one-third. This trend, too, has continued into 1958. Canada's trade with the rest of the commonwealth moved in a similar direction, resulting in a minor deficit in 1957 as compared with a small surplus in 1956. Finally, our trade with Europe increased modestly in both directions, leaving a surplus in Canada's favour of $244 million, approximately the same as in 1956.

To summarize, let me say that in 1957 the value of our exports exceeded all previous records; imports declined significantly; our trade deficit with the United States was reduced; and our trade with the United Kingdom, the commonwealth and the rest of the world moved in the direction of more balanced relationships. Broadly the same trends continued into the first part of 1958, and while exports are on balance being maintained, imports, particularly from the United States, have been falling sharply. Indications to date are that the over-all deficit on trading account will be sharply reduced in the current year, accounted for very largely by a very much smaller deficit in our commodity trade with the United States.

The most striking feature of Canada's external trade in recent years has been its heavy concentration on the United States and the large imbalance of our trade with that country. About two-thirds of our total external trade has been with the United States. During the past five years the average total deficit on current account with the United States has been in excess of $1 billion per annum. These huge deficits, accompanied by heavy increases in our long-term indebtedness to the United States, carry serious implications for the future health and economic independence of our country.

I appreciate that the very large deficits that we have been incurring in recent years can be attributed in no small measure to the rapid development which has been taking place in the Canadian economy, particularly in the resource industries. Canada's rapid economic growth of recent years could not have been sustained by Canadian resources alone, and the large capital inflows and the accompanying large trading deficits, reflect the extent to which we have had to draw on foreign resources to accomplish our spectacular economic progress. I am confident that with more stable rates of growth and the increased production which will flow from our recent large investment we shall have the capacity, to an increasing extent, to meet our investment needs more nearly out of our own resources. At the same time I should remind hon. members that Canada has incurred substantial trade deficits with the United States even in years when our over-all external accounts have been in balance. The chronic nature of our massive trade imbalance with the United States requires, in our judgment, energetic corrective measures.

If the world in which we live were characterized by free convertibility of currencies and the absence of restrictions and discriminations on trade and payments, we would on economic grounds have less to fear from a situation of large imbalances with individual countries. But actual trading conditions in the world today are far removed from the ideal, and countries which have trading deficits with us are under constant pressure to endeavour to reduce them. We are frequently reminded in trade discussions that we must buy more from them if they are to maintain their volume of purchases from us. The implications of this for the stability of our exports, and our bargaining position in seeking wider outlets for our exports to these countries do not require elaboration.

Furthermore the heavy concentration of our trade on the United States means that the Canadian economy is vulnerable to changes in the United States economic and political climate and to shifts in its trading policies. Because of the vital place that external trade occupies in the Canadian economy, and the large proportion of this trade which is concentrated on the United States, changes in the terms of access to the United States market, even where they may be of minor importance in the United States scheme of things, often have a critical significance for our country, a fact which unhappily is not always appreciated in that country.

While access to the United States market has been improved in the last decade, and its tariffs have been significantly reduced, entry into that market remains difficult and uncertain for many classes of goods produced in Canada. In many cases, especially on fully manufactured goods, tariff rates are almost prohibitive. Quite apart from the tariff, their customs laws and administration often impose serious additional barriers. Perhaps most troublesome of all are the uncertainties arising from the many escape clauses in United States legislation and administrative practices. Hon. members do not need to be reminded of the recent restrictions imposed against Canadian oil and the continuing threat to our exports of lead, zinc and copper—notwithstanding firm trade agreement obligations.

In addition, United States agricultural policies continue to be severely damaging to Canadian interests. Apart from direct restric-

tions imposed on Canadian agricultural products, we suffer severe harm from United States surplus disposal activities. Massive United States disposals of wheat and other grains on give-away or subsidized terms have done serious damage to Canadian exports in some of our best commercial markets. Despite frequent and energetic Canadian complaints these harmful practices have continued. We find it difficult to understand why the United States should treat its best customer and friendly neighbour in this way. We have made it clear to the United States authorities that measures which add to our difficulties in selling in the United States market or in third countries cannot but impair our ability and willingness to import from them.

This brief examination of the nature of our trading problems with the United States points up the need for vigorous action of a constructive nature. We intend to press for wider access on reasonable terms to the United States market; and we will continue to oppose with all the means at our disposal any threat to impose greater obstacles against Canadian exports to that market. We will encourage the United Kingdom, the commonwealth and other overseas countries to seek out wider opportunities to supply Canadian import requirements in the expectation that much can be achieved on the basis of normal market forces. At the same time we will continue to foster the growth and diversification of efficient Canadian industries so that a constantly larger supply of our requirements may be met economically from domestic production.

At this point I should like to say a few words about the important trade developments which have been taking place in Europe. Hon. members know that six European countries—France, Germany, Italy, The Netherlands, Belgium and Luxembourg—have agreed to form a customs union. The treaty establishing the European economic community signed in Rome in 1957 and subsequently ratified by the parliaments of the six countries, provides that over the next fifteen years tariffs and other barriers to trade within the community will be progressively eliminated. At the same time the six will establish a common tariff on trade with the outside world.

Related to this development is the initiative of the United Kingdom for the establishment of a European free trade area. Under this proposal tariffs between western European countries and the United Kingdom would be gradually but progressively eliminated, while individual countries, participating in the free trade area, would keep their own tariffs on trade with the outside world. This proposed free trade area is complementary to and not a substitute for the common market of the six.

The Canadian government is following with sympathy and interest these European efforts to integrate their economies and to develop a broader and more competitive system of production. The countries of the six together would make up an economic unit comparable in population to that of the United States. The looser free trade area group would be very much larger. On the basis of these enlarged internal markets European countries can be expected to achieve stronger and more efficient economies. We attach high importance to the economic and political strength of western Europe as a safeguard of world peace and prosperity. Europe, however, has extensive trade and economic links with the rest of the world. In our view it is vital that efforts to solve European regional problems should not weaken these wider connections. We have been disturbed about certain recent tendencies lest they convert Europe into an inward-looking regional trading bloc fenced off from the rest of the world by high tariffs, trade restrictions and other barriers. Such a development we fear would defeat the essential constructive purposes of the common market and free trade area projects.

The trading arrangements being worked out in Europe are of fundamental importance to Canada. More than a quarter of our total exports are absorbed by the United Kingdom and the countries of Western Europe. For commodities such as wheat, coarse grains, aluminum, certain chemicals and others, the United Kingdom and European markets are of paramount importance to Canada. While a strong, prosperous, outward-looking Europe would result in an expansion of trade with Canada, a regional restrictionist system of trade in Europe would have very serious implications for our export trade.

The Canadian government has therefore maintained a close watch on these developments and seizes every occasion to impress upon our European friends the desirability of ensuring that their new trade arrangements take fully into account Canada's essential export interests. With respect to the common market countries we have directed our efforts at keeping the common tariff at a moderate level, at minimizing the use of import restrictions, and assuring that the special arrangements for trade in agricultural products take into account our traditional exports to them.

With regard to the proposed European free trade area we have received firm assurances from the United Kingdom that our interests in that market will be fully safeguarded. We

have given urgent attention, among other things, to the retention of our position in the United Kingdom for agricultural exports, and to the rules concerning the origin of goods entitled to tariff-free treatment. This problem of origin, though highly technical, is of particular importance to the tariff treatment which will be accorded to the products of Canada's mines, mills and forests in the markets of the United Kingdom and Europe.

We have also welcomed recent assurance from the government of the Federal Republic of Germany that it will support outward-looking policies for the common market and for the European free trade area.

Hon. members will, of course, wish me to report on the preparations for the all-important commonwealth trade and economic conference to be held in Montreal next September. The development of close trade and economic links with commonwealth countries holds a central place in the government's external economic policy.

(Translation):

It will be recalled that last September the finance ministers of the commonwealth met on Canadian soil for the first time at Mont Tremblant, in the province of Quebec. On behalf of the Canadian government I proposed that a commonwealth trade and economic conference be held in 1958 and indicated that Canada would be honoured to be host at such a conference. The unanimous and enthusiastic support which our proposal has received from all commonwealth governments has been a good augury for the success of the conference which will meet in Montreal, again in the province of Quebec, in September.

(Text):

May I say immediately that the 1958 commonwealth trade and economic conference cannot closely follow the lines of the 1932 conference. The world in which we live is very different from the world of 1932. The commonwealth itself has been greatly changed since that time. In these twenty-six momentous years the commonwealth has expanded in membership, has matured in its political relationships, and has become much broader in embracing more diverse interests. The commonwealth trade agreements which were entered into in 1932 made an invaluable contribution to solving many of the difficulties confronting all of us at that time. The issues facing us today, however, are very different from those of 1932. They require equally energetic and imaginative solutions, but along rather different lines.

We are not proposing a new system of commonwealth preferences. But we propose to maintain the existing system of preferences, and we are convinced that the wide variety of skills and resources of the old and the new members of the commonwealth, applied with energy and imagination to our common problems, can greatly contribute to the growth and prosperity of all. Our objectives can be summed up simply. They are these.

In the first place we aim to expand the opportunities for mutually profitable trade between Canada and the other countries of the commonwealth. We hope that progress can be made in removing restrictions and discriminations which are imposed against us.

Second, we would like to explore with our commonwealth partners ways and means of making more rapid progress towards currency convertibility and a freer system of world trade and payments. We appreciate that this poses a complex of difficult problems. We would like to see steps taken to increase world liquidity in the means of international payments. We shall support constructive steps to promote appropriate trade and financial policies on the part of the principal creditor nations, and the development of sound relationships with the new trade groupings now being set up in Europe. All of this cannot be accomplished by the commonwealth acting alone. But we should concert our commonwealth efforts and in this way encourage other countries to move along parallel lines.

Third, it is desirable to promote measures which will assist in the economic development of commonwealth countries, particularly the newer members which are less industrially advanced, and to improve their standards of living. Finally, we wish to extend and deepen our commonwealth institutions so that they can contribute more effectively to our joint economic and political strength and in all these ways, by our example and by our achievements, defeat the threatening inroads of communism.

As hon. members know, a conference of this magnitude and importance requires the most careful and intensive preparations. These preparations are now well in hand, and I am confident that the Montreal conference will bring lasting benefits to Canada, to our partners in the commonwealth, and to the world at large.

EMERGENCY GOLD MINING ASSISTANCE ACT

I should like to outline the government's program of assistance to the gold mining industry.

The serious problems of adjustment confronting this industry, going back as far as the war years, have adversely affected the northern mining communities which are dependent on it. In recent years these difficulties have become more acute as a result of rising production costs and a higher exchange rate for the Canadian dollar. Since 1952 more

than one-quarter of the hard rock gold mines then in operation have closed down. Many more would have suffered this fate but for the Emergency Gold Mining Assistance Act.

The world price for gold is fixed at $35 per ounce in United States currency. With the appreciation of the Canadian dollar in recent years the return to Canadian mines has been proportionately reduced. An increase in the price of gold would, of course, provide the best solution to the problem. Notwithstanding our best efforts, however, there is no evidence that the United States intends to raise the price of gold under present conditions. Much has been done by the gold mines themselves to improve their position. Substantial capital outlays on exploration and for the installation of new equipment have led to more efficient operation. Notwithstanding these commendable efforts most mines have experienced a substantial fall in their net incomes.

My colleague the Minister of Mines and Technical Surveys (Mr. Comtois), has already announced that the Emergency Gold Mining Assistance Act will be extended to apply to the calendar years 1959 and 1960. I wish now to announce that the bill to be introduced by him to extend the act will increase the scale of assistance by 25 per cent of the amount payable under the present act. This increased assistance will be applicable not only to the years 1959 and 1960 but to the full calendar year 1958 as well. The recommended increase in aid will amount to about $2½ million for 1958, and raise the total to about $12 million. It is my hope that this measure will contribute to maintaining the level of gold production in Canada and in this way promote the well-being of our northern gold mining communities.

GOVERNMENT ACCOUNTS, 1958-59

I turn now to the budgetary outlook for the current year. Early in this session I tabled the main estimates for 1958-59 totalling $5,179 million, and two weeks ago I tabled the first supplementary estimates for the year in the amount of $58 million. The house therefore has before it expenditure proposals totalling $5,237 million. In addition there will be further statutory expenditures as well as the usual final supplementary estimates.

On the basis of the presently expressed intentions of the provincial governments I expect we shall be paying out close to $70 million in this fiscal year under the provisions of the Hospital Insurance and Diagnostic Services Act. We shall also be required to meet the increased deficit in the old age security fund which will be about $190 million in this fiscal year. The C.N.R. deficit for 1958 will be considerably larger than that reported for 1957. We must also expect some payments under the Agricultural Stabilization Act, though I hope that market conditions will be such that these will not be large.

On the other hand we propose to eliminate the balance remaining in the national defence equipment account. This account was set up in 1950 when NATO was being organized, and to it was credited the value of all equipment given by Canada to our NATO allies. At its peak there was about $310 million in this account. The former government drew on this account from time to time by charging to it, and not to budgetary expenditures, the cost of replacing such equipment. On the basis of past practice there would be about $165 million in this account at the end of this year. We believe that in the interests of good accounting practice and the maintenance of proper parliamentary control of expenditures this account should be liquidated during the current year.

After studying all the available data most carefully and taking account of possible lapsings and our continued search for economies, I have come to the conclusion that our budgetary expenditures for the fiscal year ending March 31st, 1959 will be approximately $5,300 million. This figure is $215 million higher than our expenditures last year.

Admittedly this is a substantial increase but it includes all the new expenditures on health and welfare introduced by this government such as the increases in old age pensions and veterans' benefits and the initial cost of hospital insurance.

It also includes large expenditures for national development which will improve our productive capacity and efficiency and in due course add to our collective wealth and income.

Furthermore, all these expenditures to which I am referring, by providing employment and sustaining private incomes, will help to maintain the level of the national income during this temporary period when export demand for certain of our staple products has been softening and during the pause which this has caused in some sectors of capital investment.

I emphasize that with respect to all government expenditure we shall continue to search for economies and to eradicate inefficiency, waste and extravagance wherever we find them. I appeal to all members of parliament, regardless of party, to assist us in tracking down waste and extravagance wherever they may be. I can assure all hon. members, and indeed every citizen of Canada, that every good suggestion leading to economy and efficiency will be sincerely welcomed and carefully considered.

I am asking that the public accounts committee should make a special study of the new printing bureau to ascertain why the cost of that building has been so grossly in excess of the estimates originally given to parliament.

On the revenue side, forecasting in times like these presents an even more difficult problem. I have already said that assuming normal crops and no change in the general price level I expect a gross national product of $32 billion, a 2 per cent increase over 1957.

After reviewing very carefully all the evidence and trends I have concluded that our present tax structure will yield revenues of $4,660 million in the current year. This is $387 million less than our revenues in 1957-58. Of this reduction more than half is the result of tax reductions made last year, and less than half is due to a decline in our tax base, and almost all of this reduction is the result of a falling off in corporation profits.

For the convenience of hon. members may I insert in *Hansard* at this point a table summarizing what we may expect in revenues from the tax structure as it now stands?

Mr. Speaker: Has the hon. minister leave to insert this table in *Hansard*?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): The table is as follows:

TABLE I

Forecast of Revenues before Tax Changes
(in million)

	Preliminary 1957-58	Forecast 1958-59
Personal Income Tax	$1,499	$1,370
Corporate Income Tax	1,235	1,020
Non-resident Tax	64	70
Succession Duties	72	65
Sales Tax	703	705
Other Excise Taxes and Duties	549	550
Customs Duties	498	450
Other Taxes	2	2
Total Taxes	4,622	4,232
Non-Tax Revenue	425	428
	$5,047	$4,660

Having forecast budgetary revenues at $4,660 million and budgetary expenditures at $5,300 million, I would expect, in the absence of any change in the tax laws, a budgetary deficit of $640 million.

But before I proceed to discuss the appropriate tax policy in our current and prospective circumstances, I must bring to the attention of the house our large cash requirements over and above or outside the budgetary figures.

Each year the government makes large loans to or investments in a considerable variety of public undertakings. These are not budgetary expenditures because in all, or almost all cases, such undertakings pay interest and eventually repay the principal of these loans.

Similarly, each year we collect large amounts of cash which are not revenue, the principal items being moneys paid to the government for the purchase of annuities, insurance or superannuation benefits, and moneys received in repayment of loans made in earlier years.

During the current year 1958-59 we will require about $400 million for housing loans, about $250 million for the C.N.R.'s capital investment and refunding programs, nearly $250 million of cash advances to the St. Lawrence seaway, the northern Ontario pipe line and to other crown companies and agencies; and other non-budgetary cash requirements, including the liquidation of the defence equipment account, will be about another $240 million.

Against this we shall have available in this fiscal year some $50 million in our securities investment account, about $65 million from the repayment of loans made in earlier years, and we can expect to receive net about $240 million of cash into our various annuity and superannuation accounts.

The net requirement of cash for these non-budgetary transactions, excluding the exchange fund account, is thus about $775 million, and this we shall need to borrow. We shall also need to borrow the funds to cover our budgetary deficit of $640 million, and our net new cash requirements in this fiscal year will therefore be of the order of $1,400 million.

In addition to this, some $1,950 million of our marketable funded debt will be maturing during this fiscal year, and these maturing securities will require to be paid off by an equivalent amount of new borrowing. In other words, during this fiscal year we shall need to sell bonds or other securities in a total amount of close to $3,400 million. This is a major financial operation and will require the closest co-operation between the Department of Finance, the Bank of Canada, the chartered banks and all investment institutions and dealers.

We have already made a good beginning. Since April 1 we have sold issues totalling $950 million, of which $350 million was new cash. We still have before us the need to refund $1,350 million of maturing bonds and to raise more than $1,000 million of new cash.

We shall be making every effort to promote a good sale of Canada savings bonds next autumn, but whatever net new cash we obtain from that source will still leave us with a very large financing task.

Government policy regarding the management of the public debt cannot follow any rigid formula; it must be adapted to economic conditions and to market requirements. While I do not propose to place an undue burden on the longer term bond market, it is most desirable to keep our maturing debt reasonably spread out over the years. To refinance maturing issues chiefly in the short term market would only build up greater difficulties for ourselves two or three years hence. It will be our aim to offer acceptable volumes of longer term bonds whenever suitable opportunities occur, and to spread the remainder sensibly between short and mid-term maturities.

While the prospective increase in our debt will be quite substantial during the next year or two, the net burden of the public debt will remain well below what we carried quite easily only a few years ago. To illustrate this point may I insert here a table showing our gross national product, our net debt and their percentage relationships over selected years from 1926 to the present.

Mr. Speaker: Does the house agree that the proposed table be inserted in *Hansard* at this point?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): The table is as follows:

TABLE II

Public Debt and Gross National Product
(in billions)

	Calendar Year G.N.P.	Net debt as of March 31 of the following year	Net debt as a percentage of G.N.P.
1926	$ 5.2	$ 2.3	44
1938	5.3	3.2	60
1945	11.8	13.4	113
1946	11.8	13.0	110
1947	13.2	12.4	94
1948	15.1	11.8	78
1949	16.3	11.6	71
1950	18.0	11.4	63
1951	21.2	11.2	53
1952	24.0	11.2	47
1953	25.0	11.1	44
1954	24.9	11.3	45
1955	27.1	11.3	42
1956	30.2	11.0	36
1957	31.4	11.0	35
1958 (est.)	32.0	11.7	37

A perusal of this table will show that while our net debt at the end of this year will be somewhat higher than it was at any time during the past ten years, its burden when measured as a percentage of our gross national product will be significantly lower than it was as recently as three years ago.

TAX POLICY

I come now to discuss what our appropriate fiscal policy should be in these circumstances.

[Mr. Fleming (Eglinton).]

There has been wide public discussion of these matters in recent months. Most of this discussion has centred around the relative merits of tax reductions, public investment programs and income maintenance policies. It has seemed to me, if I may say so, that too many of the protagonists of these various policies tend to take up rather doctrinaire and exclusive positions.

The advocates of tax reductions argue that by leaving more money in the hands of individuals, consumer spending will be stimulated and more savings will be available for productive capital investment. But I believe experience has shown that while this may happen to some extent, unless other stimulating measures are taken much of the tax saving to many taxpayers tends to lie idle. It is neither wholly spent nor put into productive investment.

A program of public investment has the obvious advantage of providing employment for idle or under-employed manpower and equipment. But it cannot be a complete answer. In a country as large and as economically diverse as Canada it takes time for some programs to exert their maximum benefit upon the under-employed resources of the secondary industries and of many districts.

The third approach to the problem—the extension of income maintenance policies—has the essential value of relieving hardship and somewhat equalizing the burdens of recession, but apart from maintaining a reasonable level of consumer spending, such measures make a limited positive contribution to the resumption of healthy economic expansion.

My own view is that just as there is no single remedy for the problems of inflation, so there is no one way to meet the problems of recession. We need to use all the effective means available to us. The essence of sound policy lies in using the right balance or the best "mix" of the various means, and to apply them in a timely fashion.

This I believe we have done. Last December we introduced tax reductions which are saving the taxpayers of Canada $178 million in 1958. We have introduced new programs of public investment in housing, in resource development and in improvements to transportation that add up to many hundreds of millions of dollars, and the provinces and municipalities under the much easier money conditions are proceeding with further hundreds of millions of dollars' worth of social capital investment. By increasing old age pensions, improving veterans' benefits, extending unemployment insurance benefits and developing programs of farm income maintenance we have put additional hundreds of millions of spending power into the hands of

those who would otherwise have been most harshly affected by the forces of recession.

I believe, moreover, we have done all these desirable things at about the right time. We took action on housing last August and again in December. We took action on farm incomes, on old age pensions, on veterans' benefits and on unemployment insurance in November, December and January. We have taken more action on housing, on unemployment insurance and on hospital insurance in the month that this new house has been in session, and we have further constructive measures on the sessional program.

As a result of such timely action the recession has taken a much more moderate course in Canada than in other comparable countries. On a seasonally adjusted basis our retail sales are running ahead of last year; in the United States they are down about 6 per cent. Industrial production in Canada has declined about 5 per cent from its peak; in the United States the drop is 12 or 13 per cent. Total labour income in Canada has hardly declined at all; in the United States it is down about 3 per cent. I do not take any satisfaction in these somewhat greater declines in the United States, for nothing could benefit Canada more quickly than an early resumption of business expansion in the United States. But we are entitled to take some satisfaction, and perhaps some credit, for the relatively stronger economic position in Canada.

These actions and policies of tax reduction, public investment and income maintenance now find their financial expression in the budgetary figures I have placed before the house this evening.

With a budgetary deficit of $640 million, and a total cash requirement of about $1,400 million, it is not in my judgment necessary for economic reasons to propose any further major tax reductions. The stimulating effect of the policies that we have already and promptly put into effect should, in the absence of any further adverse external events, sustain economic activity and provide the economic climate for an early resumption of economic expansion. Moreover, the main factor in bringing about the slackening in our rate of expansion has been the decline in the export demand for some of our basic resources, and at this stage further general tax reductions would not improve the external markets for our forest products or our base metals.

To go still further into deficit financing at this time could create conditions in which overt inflation of a degree very difficult to control might re-emerge. Indeed even now we have the somewhat paradoxical situation of simultaneous symptoms of both recession and inflation. If we go too far in the measures we take to combat what is, after all, a fairly mild recession, we might find that we had planted an inflationary time bomb which might later go off with a dangerously explosive effect. Admittedly, it is not an easy matter to judge just the right degree or balance in these matters; but in the present circumstances, it seems to me that we have, for the time being at least, a fairly sensible balance of fiscal policy, investment policy and income maintenance policies.

While I am not recommending to the house any major tax changes, I shall now put before you, Mr. Speaker, a fairly large number of particular tax proposals. None of these taken separately will have a material effect on the balance of ways and means, but each of them will be significant to the particular groups or persons affected; and collectively they will constitute a considerable measure of improvement in the equity and the efficiency of our tax system.

INCOME TAX CHANGES

First of all in the field of income tax I am bringing forward numerous amendments which I am sure the house will recognize as long overdue.

Commencing tomorrow the cost of drugs purchased under prescription may be included in the deduction for medical expenses. Expenses for eyeglasses will also qualify. Likewise the use of an ambulance will count as a medical expense. Other items such as laboratory and diagnostic charges may also be included in future. These provisions are, I think, eminently sensible. They will go a long way to correct the unfairness which in the past has been the source of so much complaint about this section of the income tax law.

The period within which refunds of tax may be claimed will in future be four years instead of two, and interest allowed on overpayments of tax will be increased from 2 per cent to 3 per cent.

A proposed amendment will allow a deduction for amounts paid for support of a dependant upon order of a court, for example, by a family court, even though there is no divorce or written separation agreement. The payer, however, may not claim the recipients as dependants. The person receiving such payments must include them in income and may then claim a deduction for any dependant in respect of whom the payment order was made. This provision will resolve many awkward tax situations which arise under the present law.

At present when a wife's income just passes the $1,000 mark the husband's exemption in respect of his wife drops abruptly by $250. In future the decrease in his exemption

in such circumstances will not be more than the amount by which the wife's income exceeds $1,000. The wife, however, will still be required to file a separate return when her income exceeds $1,000.

Oil and gas producers will be allowed a deduction for bonus payments in respect of exploration reservations under the same conditions which apply in respect of lease bonuses. Likewise, wells drilled for water disposal or for a source of water for injection into an oil or gas well may be treated in the same manner as ordinary production wells.

An important amendment to the Income Tax Act will widen the scope for charitable contributions by corporations. In recent years our governments, both federal and provincial, have greatly increased their spending on welfare and on higher education; but I believe all hon. members would agree that it would be a sorry day for Canada if governments assumed all these costs and responsibilities in their entirety. A high level of private participation is most desirable.

At the present time the law allows corporations to make tax-free gifts up to 5 per cent of their profits. I am proposing that for 1958 and subsequent years this limit be raised to 10 per cent. I realize that a great many, indeed far too many, corporations do not come close to taking advantage of the present 5 per cent limit; but I am glad to say that many corporations do take their responsibilities in these matters seriously.

Particularly I am hoping that this change in the law will swell the flow of funds from industry to the support of higher education in Canada. During the next five or six years our universities will need to invest more than $300 million in expansion. This is the capital cost, first of making room for the very greatly increased numbers of students who will be graduating from our high schools and going on to university; and second of providing the increasingly expensive equipment which is indispensable to fundamental research. Our Canadian universities and research institutions have already achieved high standards, but we must accelerate our pace still more if we are to maintain and improve our competitive position in the world of today and tomorrow.

I am informed by the national conference of Canadian universities that they believe they can depend on governments and foundations to provide something better than two-thirds of this $300 million of capital requirements, including $50 million being provided through the Canada Council, but that they must look to private sources, and particularly to corporations, for nearly $100 million of capital gifts during the next five or six years. I think it is desirable that they should look to private sources for this measure of support and more. Even if governments were willing and able to provide all the funds required, it would not be desirable for them to do so, because universities need much more than money; they need the enlightened support of the community; they need the interest and enthusiasm that attach to active participation in growth.

I should like it to become more generally recognized that the privilege of carrying on business in our free enterprise country carries with it the strongest moral obligation to maintain a substantial measure of private support of both our welfare institutions and our institutions of higher learning and research.

Two important amendments to the gift tax will be proposed to parliament. The first of these will allow a married person to make one tax-free gift up to $10,000 to his spouse where the gift consists of transfer of ownership of a home jointly occupied by the married couple, or of a farm from parent to child. This special exemption will be in addition to the other exemptions now allowed under the gift tax. This provision will take care of the large majority of the difficult tax cases which arise through transfers between husband and wife and parents and children of property rights in the home in which they are living, or the farm they are operating. It will also give recognition in the taxing statute to the very common practice adopted generally to give added security to the legal position of the wife in the home she occupies.

The second change in the gift tax will allow a refund of any gift tax paid by a person within three years of death to the extent that it exceeds the tax payable on that gift included in his estate upon death. This will supplement the present provision which allows gift tax paid to be credited against succession duty but only up to the amount of such duty. For example, in future if it is found that no duty at all is payable on death the full amount of gift tax paid on gifts in the three years before death will be refunded.

The bill to be introduced will contain a wide variety of corrective amendments, most of which will be beneficial to taxpayers. Some are designed to remove anomalies in the law, others are merely for greater clarity. It is important that income tax law should receive constant attention to ensure the greatest degree of equity in its operation. In this statute eternal vigilance is the price of fairness. I am confident that this year's amending bill will be a most important step in this direction.

The revenue implications of the proposed changes are somewhat difficult to assess. However, I estimate that the annual relief to

taxpayers as a result of these amendments will amount to about $11 million in a full year, the greater part of which will be accounted for by the increased scope of deductions for medical expenses and for corporate donations.

Before leaving the income tax I should mention a forthcoming change in the regulations under the act which will withdraw for the 1959 and future taxation years the right of taxpayers to claim a so-called depletion allowance in respect of dividends from non-resident companies. The difficulties in the way of fairly determining the basis for such allowances have been found to be insuperable.

ESTATE TAX

Last January I introduced a bill setting forth the pattern for an estate tax which might replace the present Succession Duty Act. At that time I invited careful scrutiny of this draft bill and made the request that criticisms of any of its provisions be sent to me for study. The response has been gratifying. Within the past few months I have received many excellent briefs not only from important national organizations but from individuals as well. I express my thanks for the painstaking efforts that have been expended in the preparation of these representations. These briefs have been extremely useful to me and I can assure all concerned that we have given the most careful study to the wide range of recommendations contained in them.

I am tabling a resolution along the same lines as that of last January. It will afford the house an opportunity for debate on the general principles underlying the proposal. If the resolution is adopted by the house the new bill will be introduced forthwith. It will contain a number of revisions of the measure introduced last January. It is my intention upon second reading of the bill to move that it be referred at once to the banking and commerce committee for detailed study and report.

In view of this proposed procedure it would I think, be inappropriate for me to do more at this stage than comment briefly on the budgetary implications of the proposed legislation.

The proposed new estate tax is definitely a tax-reduction measure. On an annual basis the yield from this revenue field will be less by about $7 million. Furthermore, the relief is deliberately mainly concentrated in low value estates. The house will agree that this is a commendable feature. In every tax bracket, however, according to the size of estates the revenue yield will ordinarily be less under the new bill although in the upper brackets it will be only slightly less.

Specific mention of exemptions may be desirable. Where a husband dies leaving a widow there will be a fully deductible exemption of $60,000 with an additional deduction of $10,000 for each dependent child. Thus, if a widow is left with three dependent children no tax at all will be payable unless the estates exceeds $90,000. If the value of the estate exceeds this figure tax will apply only to the excess over $90,000. This will be a true exemption. Moreover, in no case under any circumstances will an estate of less than $50,000 be taxable at all.

SALES AND EXCISE TAXES

While unable in the light of our need for revenues to recommend any general reduction in the sales and excise taxes I am, however, proposing a substantial list of new specific exemptions.

Perhaps of greatest interest are the added exemptions for purchases by municipalities. Commencing tomorrow morning the following additional items purchased by municipalities will be exempt from federal sales tax:

(a) All goods, including culverts, for use as part of sewage and drainage systems;

(b) fire truck chassis for permanent attachment thereon of fire-fighting equipment;

(c) fire hose, couplings and nozzles; and

(d) diesel fuel for use in generating electricity.

The revenue loss from these exemptions—which, of course, is the measure of the tax relief to municipalities—will be about $5 million annually.

Most goods used exclusively or almost exclusively by farmers are already exempt from sales tax. I am glad to be able to extend this exemption to a number of additional items in this category. The new exemptions include stock conditioners and feed supplements for poultry and livestock, sugar beet handling equipment of a kind covered by item 417 of the Customs Tariff, all rodenticides, tree-guards for fruit growers, and all materials used in the manufacture of grain and seed-cleaning machines.

Cut flowers will in future be exempt from sales tax. The existing discrimination in the law and the technical difficulties in the way of ensuring fairness in the administration of the present tax have become intolerable. The anuual cost to the treasury of this exemption will be about $1 million.

We propose to abolish the $2 fee now payable for a sales tax licence.

In the resolution to amend the Excise Tax Act will be found an extensive list of other proposed changes in the schedule of exemptions proposed for the relief of the taxpayer. I am proposing no changes in the special excise taxes in this budget.

It is estimated that the total revenue loss on an annual basis from the proposed amend-

ments to the Excise Tax Act will be approximately $7 million. For the remainder of the present fiscal year these changes will cost the treasury approximately $5 million.

I should like to report progress on work being done towards a revision of the sales tax structure. Officials have been devoting considerable study to this problem and my hope is that some important amendments may soon be ready for consideration by the government.

TAX ON SPECIAL EDITIONS OF NON-CANADIAN MAGAZINES

I turn now to the so-called "magazine tax" which imposes a 20 per cent levy on the advertising revenues of special Canadian editions of foreign magazines.

During the past twelve months the government has received numerous representations regarding this tax and regarding the general position of Canadian magazines. Canadian publishers have stressed that they are encountering unusually severe competition. This competition takes many forms: competition for circulation and for advertising revenues, competition from magazines published abroad, from Canadian daily newspapers and their weekly editions, from radio and from television.

The government has a sympathetic interest in the problems confronting Canadian magazines. We believe that Canadian magazines are contributing to the quality of our national life. But this interest does not blind us to the inequities introduced by this tax. When we were on the opposite side of the house we warned repeatedly that this tax would prove to be both unjust and ineffective. Experience has confirmed our views.

Accordingly, I am recommending to the house that this tax be repealed forthwith. The loss of revenue will be about $1 million.

I do not underestimate the difficulties which Canadian magazines are facing. Likewise I do not underestimate the difficulties of governmental action in this field. If the government is to give any special support it should be in a manner that infringes neither the freedom of the press nor the reading preferences of the public. A number of proposals have been put forward, but none has proved to be both practical and acceptable. While we are prepared to study any serious proposal to encourage a truly Canadian periodic press, it must conform with the principles I have stated.

TARIFFS AND RELATED CUSTOMS MATTERS

Earlier in my remarks I outlined the main features of this government's commercial policies and the principal objectives we are seeking to achieve in this field. I discussed the major developments in our external trade relations and the steps that are being taken to expand and safeguard our export markets. I should like now to outline a number of specific measures in the field of tariffs and related customs matters designed to meet the legitimate needs of Canadian industry, to protect our producers and workmen against certain unfair trading practices, and to promote the diversification and balanced development of the Canadian economy.

During the past year many representatives of Canadian industry, large and small, and agriculture, have discussed their problems with members of the government. We have been impressed by the serious difficulties that have been created for many of them by the dumping of foreign goods in the Canadian market. Such dumping may arise from a variety of causes and may take many forms. The present dumping duties section of the customs tariff together with the valuation provisions of the Customs Act are adequate to deal with some forms of dumping. However, they do not deal with cases where goods are being imported into Canada at less than their cost of production and are also sold in the country of export below cost.

(Translation):

I have examined this problem with the utmost care and am satisfied that this unfair trading practice is in fact occurring, with a harmful impact on Canadian producers. This situation appears to be particularly serious in the case of primary textiles where, for some years now, depressed conditions and difficult problems of adjustment have prevailed in many countries. Canadian industry should be expected to compete with imported goods on reasonable terms but it is unfair to subject our producers to trading practices which are really a special kind of dumping.

(Text):

As I have said, Mr. Speaker, I have examined this problem with the utmost care and am satisfied that this unfair trading practice is in fact occurring, with a harmful impact on Canadian producers. This situation appears to be particularly serious in the case of primary textiles where, for some years now, depressed conditions and difficult problems of adjustment have prevailed in many countries. Canadian industry should be expected to compete with imported goods on reasonable terms but it is unfair to subject our producers to trading practices which are really a special kind of dumping.

Most countries which carry on substantial foreign trade have laws to protect their domestic producers against dumping. Indeed the right to take effective measures against dumping has long been a standard provision

of international trade treaties including the GATT. The government intends to defend Canadian producers against the practice of dumping, whatever form it may take. This will require the strengthening of the present valuation provisions of the Customs Act and their effective enforcement. To this end my colleague the Minister of National Revenue (Mr. Nowlan) will shortly submit a bill to parliament amending the valuation provisions of the Customs Act, to add a provision to section 35 along the lines of the legislation in effect prior to 1948, requiring that, where appropriate, the value for duty of imported goods shall not be less than the cost of production plus a reasonable advance for selling cost and profit.

In referring to the Customs Act I should mention the matter of appeals from decisions of the customs authorities under item 1201 which prohibits the entry of material of a treasonable, seditious, immoral or indecent character. In a recent judgment the tariff board questioned whether it is the appropriate body to hear such appeals. The government shares the doubt expressed by the tariff board. Accordingly my colleague the Minister of National Revenue will shortly be introducing a bill to amend the Customs Act to provide that the appeal in such cases shall lie to the courts.

At the conclusion of my remarks tonight I shall table certain amendments to the Customs Tariff. A great many items are involved. For that reason, and to facilitate the consideration of all these items by the house at a later stage, I have divided them into groups according to subject-matter. Several groups relate to tariff board reports of which I shall now speak, and the final group comprises miscellaneous tariff adjustments.

During the previous session of parliament I tabled five reports by the tariff board. They related to basic iron and steel; pipes and tubes; rubber footwear and rubber-soled canvas footwear; certain zinc products; and fresh fruits and vegetables. A sixth report, that on wool fabrics, was tabled two weeks ago.

It may be of interest if I summarize, in a few sentences, where matters now stand with regard to each of these reports.

First is the report on basic iron and steel. We have now completed the process of negotiating with other countries, under the procedures of the GATT, the adjustments in commitments which were necessary in order to implement the tariff board's main recommendations. The amendments which the government is proposing in order to carry into effect the results of these negotiations are set out in the resolutions. They involve a complete overhaul of the very important sector of the tariff relating to primary iron and steel products. More than 100 tariff items are involved; and 92 of these are being reduced to 38 items. This substantial simplification will be accomplished by the elimination of numerous end-use items providing for reduced rates of duty on iron or steel for special purposes. The remaining items are consolidated into four major groups relating to plate, structurals, bars and sheet, respectively. There are increases in some rates of duty and reductions in others. The changes are designed to provide what, in the light of the evidence presented to the tariff board, appears to be adequate protection on those items where it is required. I understand that Canadian steel producers consider the new schedule to be a decided improvement over the old one.

Second, pipes and tubes. The renegotiation of these items under the provisions of the GATT has also been completed and the proposed tariff changes are set out in the resolutions. These changes also involve some reductions and some increases. They will bring the tariff up to date and simplify its structure. All the drawback items will be eliminated, and the number of end-use items will be reduced. A separate tariff item is being proposed to cover all kinds of iron and steel pipe for use in the construction of oil and gas pipelines at rates of 10 per cent under the British preferential tariff and 15 per cent under the most-favoured-nation tariff. A major result of these changes will be to make more effective the protection which it affords to Canadian producers.

Third, zinc and zinc products. Once again, I am glad to say, the necessary international negotiations have been completed. The revised items and rates of duty as recommended by the tariff board are set out in the resolution. These proposed tariff changes constitute a balanced package. On balance the proposed changes do not involve any increase in the Canadian tariff on zinc and zinc products. However, they provide for adjustments in the rates on rolled zinc which will encourage additional fabrication in Canada.

Fourth, rubber footwear and rubber-soled canvas footwear. The former government had instructed the tariff board to make a study of the rubber footwear industry, but did not ask for recommendations. We have examined the board's report on this reference, and have referred the matter back to the board with a request for its recommendations.

Fifth, fresh fruits and vegetables. Negotiations with the United States have been initiated. I hope that they will soon lead to agreement on a more satisfactory schedule of duties. However, I am not at present in a position to forecast just when we will be in a position to introduce tariff amendments

based on the results of these negotiations. In the meantime we have available in section 38 of the Customs Act a means of dealing, on a temporary basis, with any serious emergencies that may arise.

Sixth, wool fabrics. The report on wool fabrics is the first of a series which will cover the whole field of primary textiles and their main products. As recently as February, 1955 the board had made a report to the previous government on tariff item 554b, which is the main wool fabric item. At that time, however, the government of the day did not ask the board for recommendations, and took no action on its report.

The present government requested the tariff board to make recommendations, and these are included in the report which I tabled two weeks ago. We were, of course, well aware that the problem posed by the situation in wool fabrics was one of peculiar difficulty. It represents one of the few instances where competition from the United Kingdom is a serious factor in the difficulties of Canadian industry. We believed, however, that careful examination of the problem would point toward a solution which would relieve the pressure on the Canadian industry without materially affecting the interests of British producers. The tariff board has suggested an adjustment in the British preferential tariff which offers some hope of achieving this result. Accordingly, the resolution to be moved later tonight includes one involving a modest increase in the British preferential tariff on wool fabrics under tariff item 554b, as recommended by the tariff board.

The tariff board's recommendations relating to wool fabrics, involve a change only in the British preferential tariff. For the time being the present most-favoured-nation rates, as bound under the GATT, will continue to apply. But it is our intention to renegotiate item 554b as soon as possible with a view to restoring the margin of British preference.

Before leaving the subject of the tariff board references, I should mention those which are still in progress. The board has completed its hearings with respect to fluorspar, and I am awaiting their report. As to the textile reference, hearings are now proceeding on the cotton items and when these are completed the board will be directing its attention to synthetic textiles, knitted goods and finally narrow fabrics. After that major studies on chemicals, and on radio and television parts await it.

Thus far I have referred only to tariff changes arising from tariff board reports. These comprise most of the changes that I shall propose, and rightly so. I have found the board to be a valuable means of screening tariff requests. It provides an open forum in which all interested parties may state their views.

We receive, however, a great many representations which it would not be practicable to refer to the tariff board. Many of them involve matters which are not of general interest, but none the less are important to the applicant. Others are technical suggestions originating in the Department of National Revenue or in the Department of Finance relating to anomalies that are arising constantly as a result of changing industrial techniques and conditions.

You will find, accordingly, that the last group of items in the resolutions is a heterogeneous collection. The purpose of many of the proposed changes will be readily apparent. It is to give Canadian producers access on better terms to materials or equipment of types that cannot be obtained in Canada, and thus to improve their competitive position. There are, in addition, numerous items which it is proposed to reword, without altering the rates of duty.

Perhaps the most significant change in rates of duties in this category is that relating to foamed and expanded synthetic resin products. At the time of the tariff board inquiry in 1952, these products were not made in Canada and the board recommended that they be made duty free. However, the board in its report noted that the plastics industry was undergoing rapid development and that the plastics schedule would have to be revised from time to time to keep it up to date. It seems clear that if these particular products had been made in Canada at that time, the board would have recommended the same rates of duties as in the case of cellulose sponges, which were made in Canada at that time. There are several Canadian companies manufacturing this item. We are proposing the same rates as now apply to comparable plastic products. Proposed changes do not require negotiations inasmuch as the new rates do not exceed the rates bound under the GATT.

Another change relates to the duty on certain lumber products. A recent decision of the tariff board had the effect of classifying many kinds of worked lumber as "manufactures of wood" carrying a higher rate of duty than had generally applied previously. Canadian lumber interests have expressed serious concern about the possible implications of this change for their important export interests and they have been urging that the earlier position be restored. To meet this situation I am proposing changes in wording to make it clear that all lumber products produced by a planing machine, except those specifically named in the tariff, are treated in a uniform manner at the rates of duty which

had been generally in effect prior to the tariff board decision.

There is one further important proposal to which I wish to refer. It relates to the "tourist clause".

This item now provides for a $100 exemption at four-month intervals to Canadian residents who are absent from Canada for not less than 48 hours. It is apparent that this favours those who are accustomed to making frequent trips to the United States as compared with those who travel abroad only occasionally. The former may bring in duty-free goods to the value of as much as $300 per annum, while the latter are allowed only $100 worth on the rare occasions, possibly many years apart, when they are in a position to make use of the exemption.

On a number of occasions the United Kingdom authorities have asked whether some modification could be made in our tourist exemption so as to facilitate purchases by Canadians visiting the United Kingdom and other overseas countries.

The trade statistics show how the present exemption works out in practice. In 1957 duty-free imports into Canada under the exemption totalled $77.4 million, of which $74 million were from the United States, $2 million from the United Kingdom, and $1.4 million from all other countries combined.

I have examined various suggestions for modifying the present provision so as to make it operate with greater fairness as between individual Canadian travellers on the one hand, and the various countries which they visit on the other hand. I have decided to recommend a rather simple, but none the less significant, addition to the present item. This will neither add to nor subtract from the present provision in so far as travel on the North American continent is concerned. But it will make available to the overseas traveller, provided he is absent from Canada for at least fourteen days, an option which he may wish to exercise. In effect, such travellers will be permitted to draw upon their future exemptions to the extent of an additional $200. The maximum exemption available will thus total $300, and the traveller who takes advantage of it will not be entitled to any further exemption under item 703(b) for twelve months thereafter.

This privilege will apply to visitors to places beyond the continental limits of North America, including Bermuda, Cuba, Puerto Rico, the British West Indies, and all of South America, as well as still more distant places. It is proposed that the new provision come into effect July 1st of this year.

SUMMARY OF TAX CHANGES

I can now summarize the effects of the tax reductions I am proposing this evening on our budgetary position. I should point out, however, that the principal tax changes affecting the present fiscal year were introduced and approved by parliament last December. Those changes amounted to tax reductions of $178 million in a full year. The further changes now submitted add up to $26 million in a full year, and it can therefore be fairly said that our total tax reductions in our first year in office exceed $200 million.

Since we are well into the current year, and since the reductions to be effected by the new estate tax can hardly affect our revenues this year, the net effect of the proposed tax changes on this year's revenues will be to reduce them by $8 million.

If I have leave I should like to insert in *Hansard* at this point a final table showing these tax changes and our expected 1958-59 revenue after giving effect to them.

Mr. Speaker: Has the minister leave to insert this table in *Hansard?*

Some hon. Members: Agreed.

Mr. Speaker: Agreed.

Mr. Fleming (Eglinton): I have a further one also, Mr. Speaker.

The tables are as follows:

TABLE III

Combined Tax Reductions: December 1957 and June 1958

(full year basis—in millions of dollars)

	December 1957	June 1958	Total
Personal Income Tax	$146	$ 5	$151
Corporate Income Tax ..	12	6	18
Non-Resident Tax	—	—	—
Estate Tax	—	7	7
Sales Tax	—	7	7
Other Excise Taxes and Duties	20	1	21
Customs Duties	—	—	—
Other Taxes	—	—	—
Total	$178	$ 26	$204

TABLE IV

Summary of Tax Changes and Revised Forecast of Revenues

(in millions of dollars)

	Tax Reductions In a full year	In 1958-59	Revised Revenue Forecast 1958-59
Personal Income Tax ..	$ 5	$1	$1,369
Corporate Income Tax ..	6	1	1,019
Non-Resident Tax	—	—	70
Estate Tax	7	—	65
Sales Tax	7	5	700
Other Excise Taxes and Duties	1	1	549
Customs Duties	—	—	450
Other Taxes	—	—	2
Total Taxes	$ 26	$8	$4,224
Non-Tax Revenue	—	—	428
Total Revenue	$ 26	$8	$4,652

Since our expenditures are expected to be $5,300 million, and our revised revenue $4,652 million, the prospective deficit for the year ending March 31, 1959 is $648 million.

CONCLUSION

I suppose it rarely falls to the lot of a Minister of Finance to be faced with conditions of his own choosing in preparing his budget. Hon. members will not be slow to realize that a minister who is faced with a deficit of $648 million is severely circumscribed in writing the kind of budget he would have wished. But we live in a world of realities.

Moreover, I confess my concern over costs of production and prices in Canada. Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.

We are in danger of becoming a high-cost economy. Such a prospect is particularly perilous in the case of a country like Canada which must sell so much of its production in markets abroad. Moreover, Canadian producers are encountering increasing difficulty in retaining their domestic market in the face of keen competition from abroad. Many of them under these circumstances turn to the government for a solution of their cost problem.

In a free society there is no simple formula by which the government can maintain stable prices and there is a limit to what governments can do to assist producers to hold down their costs of production. A wise government can, of course, help to promote an environment which is conducive to price stability and this government gives a high place to that duty; but to an important extent prices are the result of competition among the various economic groups which compose our nation, each striving for a greater share of the national product. I echo the warnings issued by the Prime Minister (Mr. Diefenbaker) to all sections of the Canadian people in appealing to all, whether employers, employees or self-employed, to have regard for the general interest in the returns they seek for their services and products. In a free society there is no omnipotent arbitrator who can set prices and wages at stable levels. One must depend upon the sense of responsibility of free men and women not to demand more than their fair share of the national income. As I have said on other occasions, increases in incomes can be justified by increased productivity and by increased productivity alone.

This budget is designed to take realistic account of the forces which are exerting a powerful influence on the tone and direction of the Canadian economy today and to apply fiscal policies which will assist the forces which are contributing strength to the Canadian economy and at the same time to slow down or resist those forces which are impeding Canada's growth and wellbeing. It is an expression of the purpose of the government to encourage the enterprise, industry and self-reliance of the Canadian people.

(Translation):

As debtors to the sacrifices of the generations which have gone before us and heirs to the fruits of their labours, we Canadians take pride in the unyielding march of this nation to her great destiny. The advances of these ninety-one years have surpassed the dreams of our forefathers; yet today we know that we stand but on the threshold of the true greatness of this favoured land. There remains for us a sacred duty, that of contributing to the realization of the hopes and aims of the fathers of confederation.

(Text):

As debtors to the sacrifices of the generations which have gone before us and heirs to the fruits of their labours, we Canadians take pride in the unyielding march of this nation to her great destiny. The advances of these ninety-one years have surpassed the dreams of our forefathers; yet today we know that we stand but on the threshold of the true greatness of this favoured land.

This budget has been born of confidence in Canada's future, not blind wishful thinking, but unshrinking realism. We have sought to face our difficulties squarely and to prescribe bold courses to meet them. We have not veered and shall not veer from our unshaken belief in the shining future of Canada. Providence has blessed this land with vast resources. Our people are vigorous and enterprising. The advance of this nation to greatness has derived its strength and inspiration from the courage, the industry, the self-reliance and the thrift of God-fearing pioneers. We stake our unwavering belief in Canada's destiny on these Canadian virtues, and as God gives us wisdom and this house gives us its support, we shall strive to meet the challenge of our reponsibilties.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:

1. That amounts paid after June 17, 1958, for drugs and medicines which have been prescribed in writing by a medical practitioner be included in the medical expenses that are deductible in computing taxable income.

2. That amounts paid after June 17, 1958, for eyeglasses, artificial eyes, laboratory or

other diagnostic services or transportation to or from a hospital by ambulance be included in the medical expenses that are deductible in computing taxable income.

3. That for 1958 and subsequent taxation years the maximum amount deductible by corporations for contributions to charitable organizations be increased from 5% of income to 10% of income.

4. That the rate of interest payable to taxpayers on overpayments of tax for 1958 and subsequent taxation years be increased from 2% to 3%.

5. That the two year period within which a taxpayer may apply for a refund of an overpayment of tax for a taxation year be increased to four years from the end of the taxation year.

6. That for 1958 and subsequent taxation years a gift to the spouse of a donor of real property to be used by the donor and the spouse as their home, or a gift to a child of the donor of farm real property to be used in farming operations carried on by the child, or by the child and the donor, shall be exempt from gift tax to the extent of $10,000, provided that no such exemption shall apply more than once during the lifetime of the donor.

7. That the amount by which any gift tax paid on a gift made within three years prior to death exceeds any succession duty or estate tax subsequently imposed in respect of a death after June 17, 1958, on that gift under any act of the parliament of Canada will be refunded.

8. That with effect after June 17, 1958, the exemption from the tax on income of non-resident persons now granted in respect of dividends paid by a non-resident-owned investment corporation be changed so as to apply only in respect of dividends paid after the time when the corporation has paid out dividends which in the aggregate equal the undistributed earnings accumulated by the corporation in years when it was not a non-resident-owned investment corporation.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the sales tax on the following goods be repealed:

(a) certain building materials, as follows:

(i) chimneys for buildings, not including fireplaces;

(ii) cornice, frieze, pilasters and other units or members of wood milled for use as structural or architectural building components, not including assembled or unassembled cabinets, counters, cupboards, furniture, ironing boards, work benches and similar installations;

(iii) ash handling and fuel handling equipment for use with furnaces for the heating of buildings, when connected directly to such furnaces and installed in the same building as such furnaces;

(iv) fuel oil tanks for use with furnaces for the heating of buildings and connected directly to such furnaces;

(v) latch sets, master key cylinder blocks, knobs and hinges;

(vi) hard surface plastic laminated building materials;

(vii) underlayment material for hard surface floor coverings for permanent bonding to floors;

(viii) articles and materials to be used exclusively in the manufacture of the foregoing.

(b) certain goods sold to or imported by municipalities for their own use and not for resale, as follows:

(i) culverts;

(ii) structural aluminum for bridges;

(iii) fire truck chassis for the permanent attachment thereon of fire fighting equipment to be used directly in fire fighting;

(iv) fire hose including couplings and nozzles therefor;

(v) diesel fuel oil for use in generating electricity;

(vi) goods for use as part of sewage and drainage systems;

(vii) articles and materials to be used exclusively in the manufacture of the foregoing.

(c) certain agricultural, horticultural and forestry goods as follows:

(i) stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds;

(ii) goods enumerated in Customs Tariff item 417:

"Machinery and apparatus and complete parts thereof and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beetroot, or for receiving sugar beets, under regulations prescribed by the minister;"

(iii) individual tree guards and tree protectors not exceeding thirty-six inches in height;

(iv) cut flowers;

(v) materials to be used exclusively in the manufacture of grain or seed cleaning machines and parts thereof;

(vi) rodent poisons.

2. That the present exemption for fruit juices which consist of at least ninety-five per cent of pure juice of the fruit be extended to fruit juices consisting of at least eighty-five per cent of the pure juice of the fruit.

3. That the wording of the exemption for "bases or concentrates for making beverages

other than soft drink beverages" in Schedule III be changed to read:

"Bases, not including fruit or imitation fruit bases, for making non-alcoholic food beverages; fruit bases or fruit concentrates for making beverages, when sold in containers not exceeding ten ounces and consisting of at least eighty-five per cent of pure juice of the fruit."

4. That the wording of the exemption for "flavouring extracts" under "Foodstuffs" in Schedule III be changed to read:

"Food flavouring extracts, emulsions and powders, not including those for beverages."

5. That the exemption for desks and chairs specially designed for class room use when sold to educational institutions be extended to apply to chalkboards, desks, tables and chairs, excluding upholstered chairs, without the requirement that they be specially designed for class room use.

6. That the exemption for fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials be extended by removing the present condition requiring them to be "for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment".

7. That the exemption for materials consumed or expended directly in the process of manufacture or production of goods be clarified and brought into line with the exemption for fuel for lighting or heating, which excludes fuel for use in internal combustion engines.

8. That advertising sheets, local bulletins, local circulars and similar publications be excluded from the exemption for newspapers unless they have qualified as a newspaper enjoying second-class mailing privileges.

9. That certain goods enumerated in Customs Tariff item 848 continue to be exempt from sales tax by listing in schedule III of the act the following tariff items under which these goods are being regrouped by Customs Tariff resolutions:

399a, 399b, 399c, 848, 848a, 848b.

10. That payments under section forty-seven of the act to the institutions for children and aged, infirm or incapacitated persons to which that section applies, be increased

(a) by enlarging the class of such institutions eligible to receive such payments by removing the present requirement that the shelter or care provided must be permanent or semi-permanent;

(b) by including in the payments an amount equal to the taxes paid on purchases made within two years prior to certification by the Minister of National Health and Welfare, and made by or on behalf of the institution in the course of construction during that period.

11. That the annual fee for sales and excise tax licences be abolished.

[Mr. Fleming (Eglinton).]

12. That the excise tax on special editions of non-Canadian periodicals imposed by part II of the act be repealed.

13. That any enactment founded upon this resolution be deemed to have come into force on the eighteenth day of June, nineteen hundred and fifty-eight.

DOMINION SUCCESSION DUTY ACT

Resolved that it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify the tax law.

CUSTOMS TARIFF

1. Resolved, that it is expedient to amend the *Customs Tariff* by striking out subsection (1) of section 2 and substituting the following:

2. (1) In this act, and in any other act relating to the customs,

(a) "free" in any one of the tariff columns in Schedule A means that the goods opposite which the word appears, and to which the tariff in the column applies, may be imported and taken out of warehouse for consumption in Canada, without duty;

(b) "gallon" means an Imperial gallon;

(c) *"hot-rolled" or "cold-rolled" when applied to shapes or sections, bars or rods, plate, sheet or strip, of iron or steel, includes shapes or sections, bars or rods, plate, sheet or strip that have been subjected to such further processing as annealing, tempering, pickling, liming or polishing;*

(d) "in diameter" when applied to pipes and tubes means the actual inside diameter;

(e) "M ft." represents and has the meaning of the words "one thousand feet board measure";

(f) "n.o.p." represents and has the meaning of the words "not otherwise provided for";

(g) "p.c." in any one of the tariff columns in Schedule A represents and has the meaning of the words "per cent, ad valorem";

(h) *"plate" when applied to iron or steel means a flat-rolled product of any shape, of the following dimensions: more than eight inches but not more than forty-eight inches in width and 0.2300 inch or more in thickness; more than forty-eight inches in width and 0.1800 inch or more in thickness;*

(i) "proof", "proof spirit" or "proof spirits" means any spirit having the strength of proof by Sikes' hydrometer, that is, spirit that at the temperature of fifty-one degrees Fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature;

(j) "rubber" includes synthetic rubber, which may be defined by regulations prescribed by the minister;

(k) *"sheet" or "strip" when applied to iron or steel means a flat-rolled product of any shape, of the following dimensions: "sheet": more than twelve inches but not more than forty-eight inches in width and 0.2299 inch or less in thickness; more than forty-eight inches in width and 0.1799 inch or less in thickness; "strip": more than eight inches but not more than twelve inches in width and 0.2299 inch or less in thickness; eight inches or less in width and 0.2030 inch or less in thickness;*

(l) *"steel" means any metal or combination of metals containing fifty per cent or more, by weight, of iron;*

(m) "ton" means two thousand pounds avoirdupois.

2. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 345, 345*a*, 346, 346*a* and 346*c*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
345	Zinc dross and zinc scrap for remelting, or for processing into zinc dust	Free	Free	10 p.c.	Free	Free	25 p.c.
345a	Zinc spelter, zinc, *and zinc alloys containing not more than ten per cent by weight of other metal or metals*, in the form of pigs, slabs, blocks, *dust* or granules...per pound...	¾ ct.	1 ct.	2 cts.	Free ¾ ct.	Free 1 ct.	Free 1 ct.
346	Zinc, manufactures of, n.o.p.	15 p.c.	17½ p.c.	25 p.c.	15 p.c.	17½ p.c.	25 p.c.
346a	*Zinc, or zinc alloys containing not more than ten per cent by weight of other metal or metals, in the form of foil, ribbon, strip, sheet, plate, discs or slugs; coated or not*	5 p.c.	7½ p.c.	20 p.c.	Free ¾ ct. per pound 15 p.c. Free 15 p.c.	Free 1 ct. per pound 17½ p.c. Free 20 p.c.	Free 1 ct. per pound 25 p.c. 25 p.c. 25 p.c.
346b	*Zinc rods;* zinc shapes other than flat-rolled; *zinc strip or sheet, ungrained, whether or not ground, for making offset plates for lithographing;* zinc strip or sheet, not planished, ground or polished, coated on one side with acid-resisting material, to be prepared for use in photo-engraving; *all the foregoing if containing not more than ten per cent by weight of other metal or metals*	Free	Free	10 p.c.	Free ¾ ct. per pound 15 p.c. Free 15 p.c.	Free 1 ct. per pound 17½ p.c. Free 20 p.c.	Free 1 ct. per pound 25 p.c. 25 p.c. 25 p.c.

3. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 355*b*, 377, 377*a*, 377*b*, 377*c*, 377*d*, 377*e*, 377*f*, 378, 379, 380, 381, 382, 383, 384, 385, 385*a*, 386, 387, 387*a*, 387*b*, 387*c*, 388, 388*a*, 388*b*, 388*c*, 388*d*, 388*e*, 388*f*, 388*g*, 389, 392*a*, 395, 395*a* and 438*f*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
355b	Metal alloy strip or tubing—*not being such strip or tubing as accords with the definition of "steel", in paragraph (1) of sub-section (1) of section 2 of the Customs Tariff*—containing not less than thirty per cent by weight of nickel and twelve per cent by weight of chromium, for use in Canadian manufactures	Free	Free	20 p.c.	Free	Free	20 p.c.
377	Ingots of iron or steel, n.o.p., per ton	Free	$3.00	$5.00	$1.50	$3.00	$3.00
377a	*Ingots of iron or steel, round, corrugated, weighing not less than thirty thousand pounds*	Free	Free	5 p.c.	Free	$3.00 per ton	$3.00 per ton
378	*Iron or steel, semi-finished, namely: blooms, slabs, billets or sheet bars*	Free	5 p.c.	10 p.c.	$2.50 per ton Free	$4.00 per ton Free	$4.50 per ton 5 p.c.
379	*Bars or rods of iron or steel, hot-rolled, plain or deformed, namely: rounds, half-rounds, ovals, half-ovals, squares, round-cornered squares, hexagons, octagons or other multi-sided bars or rods; flats, 13/64 inch or more in thickness and eight inches or less in width*	5 p.c.	10 p.c.	20 p.c.	Free	12½ p.c.	15 p.c.
379a	*Bars or rods of iron or steel, as described in tariff item 379, cold-rolled or cold-drawn*	5 p.c.	15 p.c.	25 p.c.	10 p.c.	20 p.c.	30 p.c.
379b	*Bars or rods of iron or steel, as described in tariff item 379, further processed than hot- or cold-rolled or cold-drawn, or otherwise processed*	5 p.c.	15 p.c.	25 p.c.	10 p.c.	20 p.c.	30 p.c.
379c	Rods of iron or steel, in the coil, not more than 0.375 inch in diameter, when imported by manufacturers of wire for use in the manufacture of wire, in their own factories ..... per ton	Free	$3.00	$5.00	$2.25	$5.00	$5.00
380	*Shapes or sections of iron or steel, not further manufactured than hot- or cold-rolled:*						
	(*1*) *Angles, beams, channels, tees, zees, or other shapes or sections, n.o.p.*	5 p.c.	10 p.c.	20 p.c.	Free $4.00 per ton	$3.00 per ton $7.00 per ton	$3.00 per ton $7.00 per ton

	(2) Wide-flange beams more than ten inches but not more than eighteen inches in depth; when not made in Canada ..... *per ton*	Free	$5.00	$20.00	Free $4.00	$3.00 $7.00	$3.00 $7.00
	(3) Angles more than six inches in length of either leg; beams, including wide-flange beams, more than eighteen inches in depth; channels more than fifteen inches in depth; zees more than six inches in depth of any leg: all the foregoing when not made in Canada	Free	Free	10 p.c.	Free $4.00 per ton	$3.00 per ton $7.00 per ton	$3.00 per ton $7.00 per ton
	(4) Sash, casement or frame sections of iron or steel, hot- or cold-rolled, coated or not, not punched, drilled nor further manufactured, and similar material formed from hot- or cold-rolled iron or steel strip, coated or not, when imported by manufacturers of metal window sash, casements or frames for use in the manufacture of such articles, in their own factories..... per ton	Free	$7.00	$7.00	Free	$7.00	$7.00
380a	Iron or steel, angles, beams, channels, columns, girders, joists, piling, tees, zees, and other shapes or sections, punched, drilled or further manufactured than hot-rolled, n.o.p.....	17½ p.c.	22½ p.c.	40 p.c.	17½ p.c.	25 p.c.	40 p.c.
381	*Plate of iron or steel, not further manufactured than hot- or cold-rolled, and whether or not coated, coiled, or with rolled surface pattern*.....	5 p.c.	10 p.c.	20 p.c.	Free	12½ p.c.	15 p.c.
381a	Plate of iron or steel, flanged or dished.....	5 p.c.	20 p.c.	30 p.c.	5 p.c.	22½ p.c.	30 p.c.
381b	*Plate of iron or steel, n.o.p*.....	5 p.c.	15 p.c.	25 p.c.	5 p.c.	22½ p.c.	30 p.c.
382	Sheet or strip of iron or steel, *corrugated or not, and whether or not with rolled surface pattern*:						
	(1) Hot-rolled.....	5 p.c.	10 p.c.	20 p.c.	Free	12½ p.c.	20 p.c.
	(2) Cold-rolled or cold-drawn.....	5 p.c.	15 p.c.	25 p.c.	7½ p.c.	20 p.c.	20 p.c.
	(3) Coated with tin or vitreous enamel.....	10 p.c.	15 p.c.	25 p.c.	15 p.c. 10 p.c.	15 p.c. 20 p.c.	20 p.c. 25 p.c.
	(4) Coated with zinc.....	7½ p.c.	15 p.c.	25 p.c.	7½ p.c.	17½ p.c.	20 p.c.
	(5) Coated, n.o.p.....	7½ p.c.	15 p.c.	20 p.c.	5 p.c.	12½ p.c.	15 p.c.
	(6) Hot- or cold-rolled, when imported by manufacturers of butts and hinges for use in the manufacture of butts and hinges, in their own factories.....	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
	(7) Cold-rolled, with silicon content of 0.075 per cent or more, when imported by manufacturers of electrical apparatus or of parts therefor, for use in the manufacture of electrical apparatus or of parts therefor, in their own factories.....	5 p.c.	12½ p.c.	25 p.c.	Free	12½ p.c.	12½ p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
383	Plate, sheet or strip of iron or steel, not tempered or ground, nor further manufactured than cut to shape, without indented edges, for use in the manufacture of saws	Free	Free	10 p.c.	Free	Free	Free
383a	Plate, sheet or strip of iron or steel, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, for use in the manufacture of saws	Free	7½ p.c.	15 p.c.	Free	7½ p.c.	12½ p.c.
384	Skelp, plate, sheet or strip of iron or steel, hot- or cold-rolled, when imported by manufacturers of pipes or tubes, for use in the manufacture of pipes or tubes	Free	7½ p.c.	15 p.c.	Free	5 p.c.	5 p.c.
385	*Sheet or strip of iron or steel, coated with lead or with an alloy of lead and tin*	Free	Free	15 p.c.	Free	5 p.c.	15 p.c.
386	*Plate or sheet of iron or steel, rolled from ingots, blooms or slabs of Canadian origin, when imported by the manufacturer of the said ingots, blooms or slabs* (*This item expires effective January 1, 1961*).	Free	Free	20 p,c	$5.00 per ton	$10.00 per ton	$20.00 per ton
387	Railway rails of iron or steel, of any weight, or for any purpose, punched, drilled, or not	5 p.c.	10 p.c.	20 p.c.	$4.50 per ton	$6.00 per ton	$7.00 per ton
387a	Rails (track) of iron or steel, other than railway rails, further manufactured than hot-rolled, with other sections, arched or not, welded thereto or not	Free	12½ p.c.	35 p.c.	Free	12½ p.c.	35 p.c.
387b	Fish plates, splice bars, rail joints, tie plates, of iron or steel per ton	$5.00	$7.00	$8 00	$5.00	$7.00	$8.00
387c	Railway intersection layouts, intersections, switches, crossings, frogs, guard rails, of iron or steel	15 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
392*a*	(*1*) Forgings of iron or steel, hollow, *rough*-machined or not, not less than twelve inches in internal diameter; all other forgings, solid or otherwise, rough-turned or rough-machined or not, of a weight of twenty tons or more	5 p.c.	20 p.c.	30 p.c.	Free	15 p.c.	30 p.c.

(2) Forgings, solid or otherwise, rough-turned or rough-machined or not, of a weight of forty tons or over	Free	15 p.c.	30 p.c.	Free	15 p.c	30 p.c.

4. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out items 1005, 1006, 1007, 1009, 1015, 1023, 1025 and 1045, and the enumerations of goods and the rates of drawback of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1004	Steel	When used in the manufacture of files	60 p.c.
1005	Steel	When used in the manufacture of cutlery	99 p.c.
1006	Hot-rolled hexagon bars of iron or steel	When used in the manufacture of cold-rolled or cold-drawn bars of iron or steel	60 p.c.

5. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 396, 396*a*, 397, 398, 398*a*, 398*b*, 398*c*, 399, 399*a*, 399*b*, 399*c*, 400, 410*b*, 410*d*, 410*g*, 410*z* and 848, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

57071-3—80

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
396	Pipes or tubes of cast iron, *whether or not coated or lined.*	7½ p.c.	12½ p.c.	25 p.c.	$5.00 per ton Free	$10.00 per ton 7½ p.c.	$14.00 per ton 10 p.c.
397	Pipes or tubes of iron or steel, n.o.p., with plain or processed ends, *whether or not coated or lined*.....	12½ p.c.	20 p.c.	30 p.c.	15 p.c. 10 p.c.	22½ p.c. 15 p.c.	30 p.c. 20 p.c.
397a	Pipes or tubes of iron or steel, with plain *or processed ends*, seamless, cold-drawn.....	Free	5 p.c.	10 p.c.	Free	5 p.c.	5 p.c.
397b	*Corrugated metal culvert pipe, coated or not*.....	12½ p.c.	15 p.c.	30 p.c.	12½ p.c.	15 p.c.	30 p.c.
398	Pipes or tubes of iron or steel, with plain, swelled or thickened ends, for use in the manufacture or repair of pressure parts of boilers, pulp mill digesters and vessels for the refining of oil.....	Free	5 p.c.	20 p.c.	Free	Free	Free
398*a*	Pipes or tubes of iron or steel, with plain ends, for use in the manufacture of rolls for paper-making machinery.	5 p.c.	15 p.c.	30 p.c.	15 p.c. Free	22½ p.c. 15 p.c.	30 p.c. 30 p.c.
398c	Tubes of iron or steel, seamless, when imported by manufacturers of bearings, for use in the manufacture of bearings in their own factories.....	Free	5 p.c.	15 p.c.	Free	Free	30 p.c.
399	*Pipes or tubes of iron or steel and fittings and couplings therefor, for use in the transmission of natural gas to points of distribution or in the transmission of crude oil*.....	10 p.c.	15 p.c.	20 p.c.	Various	Various	Various
399a	*Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing and fittings or couplings therefor, for use in connection with natural gas or oil wells*.....	5 p.c.	10 p.c.	20 p.c.	Free	Free	Free
399b	Drill-pipe, for use in connection with natural gas or oil wells.....	Free	Free	Free	Free	Free	Free
399c	Materials for use in the manufacture of the goods specified in tariff items 399a and 399b.....	Free	Free	Free	Free	Free	Free
400	Fittings and couplings of iron or steel, n.o.p., for pipes and tubes, parts therefor.....	15 p.c.	20 p.c.	30 p.c.	20 p.c.	22½ p.c.	30 p.c.

400a	Fittings and couplings of iron or steel, not further manufactured than forged or bent to shape, whether or not deburred or descaled, when imported by manufacturers of welding fittings and couplings, for use in the manufacture of such fittings and couplings in their own factories	Free	10 p.c.	25 p.c.	Free	10 p.c.	35 p.c.
410*b*	Machinery and apparatus for use in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use in producing coke and gas; machinery and apparatus for use in the distillation or recovery of products from coal tar or gas; parts of the foregoing, not including motive power, tanks for gas, valves ten and one-half inches or less in diameter, nor pipes *of iron or steel*	Free	10 p.c.	12½ p.c.	Free	10 p.c.	12½ p.c.
410*d*	Well-drilling machinery and apparatus, and parts thereof, for use in drilling for water, natural gas or oil, or in prospecting for minerals, not including motive power; machinery and apparatus of a class or kind not made in Canada for maintenance and testing purposes in connection with gas or oil wells; well-packers and parts thereof, for oil or gas wells	Free	Free	Free	Free	Free	Free
410*g*	Articles for use in the metallurgy or smelting of iron, namely: machinery and apparatus for sintering or nodulizing iron ore, concentrated or not, or flue dust; machinery and apparatus for use in the construction, equipment and repairs of blast furnaces for smelting iron ore, such machinery and apparatus to include hot blast stoves and burners, blast piping and valves connecting the blowing engines with the furnace, scale cars, charging and hoisting apparatus, blast furnace gas piping, cleaners and washers; parts of the foregoing, not including structural iron work, valves ten and one-half inches or less in diameter, nor pipes *of iron or steel*	Free	5 p.c.	5 p.c.	Free	5 p.c.	5 p.c.
410*z*	Machinery and apparatus, n.o.p., and parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not including motive power, tanks for gas, valves ten and one-half inches or less in diameter, nor pipes *of iron or steel*	5 p.c.	10 p.c.	12½ p.c.	5 p.c.	10 p.c.	12½ p.c.
848	All machinery and apparatus and parts thereof (including motive power) and drilling mud, for use in exploratory or discovery work in connection with, and development, depletion and production of petroleum or natural gas wells	Free	Free	Free	Free	Free	Free

57071-3—80½

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
848*a*	Machinery and apparatus and parts thereof (including motive power) of a class or kind not made in Canada and drilling mud, for use in the exploration, discovery, development and operation of potash and rock salt mines or for use in the production of muriate of potash, or for use in the production of crushed and screened rock salt	Free	Free	Free	Free	Free	Free
848*b*	Materials for use in the manufacture of the goods specified in tariff items *848 and 848a*	Free	Free	Free	Free	Free	Free

6. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out items 1017, 1018, 1018*a* and 1028, and the enumerations of goods and the rates of drawback of duty set opposite each of those items.

7. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out item 554*b*, the enumeration of goods and the rates of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rates of duty:

554*b*	(1) Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.	20 p.c.	27½ p.c.	40 p.c.	20 p.c.	27½ p.c.	40 p.c.
	and, per pound	20 cts.	30 cts.	35 cts.	12 cts.	30 cts.	35 cts.
	Provided, that the total duty leviable shall not be in excess of per pound	60 cts.	.....	.....	50 cts.	.....	.....
	(2) *Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces per square yard*	20 p.c.	27½ p.c.	40 p.c.	20 p.c.	27½ p.c.	40 p.c.
	and, per pound	15 cts.	30 cts.	35 cts.	12 cts.	30 cts.	35 cts.
	Provided, that the total duty leviable shall not be in excess of per pound	55 cts.	.....	.....	50 cts.	.....	.....

8. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 90*f*, 99*e*, 125, 128, 198*c*, 206*c*, 208, 208*x*, 237*a*, 327*a*, 376*a*, 376*b*, 409*t*, 409*u*, 410*s*, 427*c*, 431*d*, 431*g*, 437*b*, 438*b*, 438*c*, 438*d*, 438*e*, 439*b*, 439*e*, 440*m*, 440*n*, 462*d*, 482, 504*a*, 505, 505*a*, 505*b*, 597*a*(4), 597*b*, 597*d*, 691(1), 695*d*, 696*a*, 696*c*, 696*d*, 703, 791, 901, 902, 907 and 914, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

79*g*	*Rose stock, not including buds nor scions, for grafting or budding*	Free	Free	Free	Free	12½ p.c.	20 p.c.
90*f*	Vetetable *materials for use as* colourings *or* flavourings	10 p.c.	10 p.c.	25 p.c.	10 p.c.	10 p.c.	25 p.c.
99*e*	(1) Dates, pitted, *in units of any description weighing more than ten pounds each* per pound	Free	Free	1 ct.	Free	Free	1 ct.
	(2) Dates, n.o.p. per pound	1 ct.	1½ cts.	2½ cts.	1 ct. Free	1½ cts. Free	2½ cts. 1 ct.

	When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.						
115b	*Smelt, fresh, for processing in Canadian plants*..per pound	Free	Free	1 ct.	½ ct.	½ ct.	1 ct.
125	Oysters, shelled; *cans containing shelled oysters*.....	Free	Free	25 p.c.	Free	Free	25 p.c.
128	Lobsters *or lobster meat*, fresh *or boiled*.....	Free	Free	25 p.c.	Free 17½ p.c.	Free 22½ p.c.	25 p.c. 30 p.c.
206c	(*1*) *Containers, whether or not partially filled with anti-coagulants, and units consisting of such containers and accessories;* filters, drop counters, clamps, tubes, bail bands, labels, corks, stoppers or other closures; all the foregoing for use in the collection, preparation, storage, transportation or administration of human blood (whether whole or in the form of liquid or dry serum or plasma) and extenders or substitutes therefor.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 30 p.c.
	(*2*) *Materials for use in the manufacture of the goods specified in* (*1*) *of this item*.....	Free	Free	Free	Free Various	Free Various	Free Various
208	*Ammonium Sulphate;* Antimony salts, namely: tartar emetic, chloride and lactate (antimonine); Argols; Arsenious oxide; Boracic acid and borax in packages of not less than twenty-five pounds weight; Bromine; Carbon bisulphide, n.o.p.; *Cyanide of calcium;* Cyanide of potassium; Cyanide of sodium; Cyanogen bromide; Hydrofluosilicic acid; Iodine crude; Precipitate of copper (crude); Sulphide of arsenic; Sulphur and brimstone, crude or in roll or flour; Tannic acid; Verdigris or sub-acetate of copper, dry.....	Free	Free	Free	Free	Free	Free
208x	Materials, *and* parts, entering into the cost of *cyanide of calcium*, cyanide of potassium and cyanide of sodium, when imported by manufacturers of *cyanide of calcium*, cyanide of potassium and cyanide of sodium for use in their own factories.....	Free	Free	Free	Free	Free	Free
210h	Sal ammoniac skimmings.....	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
237*a*	Deuterium oxide or heavy water; uranium in the form of pigs, ingots, billets or bars	Free	Free	25 p.c.	Free	Free	25 p.c.
	On and after July 1, *1960*	Free	15 p.c.	25 p.c.	Free	15 p.c.	25 p.c.
296g	*Sodium calcium borate ore for use as a fire retardant*	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
	On and after July 1, 1959	15 p.c.	20 p.c.	25 p.c.			
327*a*	Contact lenses *and anterior chamber implants* for the human eye	Free	Free	Free	Free	Free	Free
					15 p.c.	20 p.c.	30 p.c.
347	Chromium metal and tungsten metal, in lumps, powder, ingots, blocks or bars, and scrap of alloy metal containing chromium and tungsten, for use for alloying purposes	Free	Free	Free	Free	Free	Free
347a	Materials imported by manufacturers of sintered hard metal compounds of the tungsten carbide type, for use in the manufacture of such compounds in their own factories	Free	Free	10 p.c.	Free	Free	10 p.c.
409*t*	Axles, belts and belting, bolts, *brushes*, chains, hinges, nuts, pulleys, rivets, screws, washers; all the foregoing when for use with the goods entitled to entry under tariff items 409, 409*a*, 409*b*, 409*c*, 409*d*, 409*e*, 409*f*, 409*g*, 409*h*, 409*i*, 409*j*, 409*k*, 409*l*, 409*m*, 409*n*, 409*o* and 409*q*	Free	Free	Free	Free	Free	Free
					15 p.c.	25 p.c.	40 p.c.
409*u*	*Articles and materials, including carrying cases*, for use in the processing, storing *and insemination of animal* semen	Free	Free	40 p.c.	Free	Free	40 p.c.
					Various	Various	Various
410*s*	Amalgam safes, automatic ore samplers, automatic feeders, retorts, mercury pumps, non-metallic heating elements, pyrometers, bullion furnaces, amalgam cleaners, and parts of all the foregoing, for use in mining or metallurgical operations	Free	Free	Free	Free	Free	Free
427*c*	Machinery and apparatus for dairying purposes, *namely:* power churns, power milk coolers, power fillers and cappers, power ice cream mixers, power butter printers, power cream savers, power bottle sterilizers,						

	power brine tanks, power milk bottle washers, power milk can washers; ice-breaking machines, valveless or centrifugal milk pumps, sanitary milk and cream vats; none of the foregoing machinery to include motive power; *parts of all the foregoing*.....	Free	15 p.c.	35 p.c.	Free	15 p.c.	35 p.c.
431*d*	Engineers', surveyors' and draftsmen's precision instruments and apparatus, namely: Alidades; Altazimuth surveying instruments; Aneroid barometers, engineering, military and surveying; Board, military sketching; Clinometers; Compasses; Cross staff heads; Curves, adjustable, irregular, railroad and ship; Curvimeters; Dipping needles; Drafting instruments of all kinds, including fitted cases containing the same; Drafting machines; Geodimeters; Heliographs; Integrators; Levels, tripod and hand or pocket types; Liners, section; Meters, portable for hydraulic engineering; Pantographs; Parallel rules; Parallel ruling attachments; Pedometers and paceometers; Plane tables, military and topographic; Planimeters; Poles, ranging; Prisms, angle; Protractors; Rods, levelling; Scales, flat and triangular; Sextants, box; Slide rules; Splines; Straight edges, steel or wooden; *Tacheometers;* Tallying machines, pocket; Tee squares, steel or wooden; Telemeters; Theodolites; Transits, tripod and hand or pocket types; Triangles of all types; Tripods for use with any of the foregoing instruments; Parts of all the foregoing.....	Free	9 p.c.	10 p.c.	Free	9 p.c.	10 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
431*g*	Fixed or stationary meters of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada; *parts of all the foregoing*.....	Free	12½ p.c.	20 p.c.	Free Various	12½ p.c. Various	20 p.c. Various
434e	*Parts used in the repair of street cars (not including subway cars) with magnetic track brakes*.....	Free	Free	35 p.c.	Free	20 p.c.	35 p.c.
438*b*	Bearings, ball or roller; Bearings, clutch release, with or without collar attached; Bearings, graphite; Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor; Bearings, steering knuckle thrust; Bushings or sleeve bearings of bronze or powdered metal; Bushings, graphited or oil impregnated; Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not, without fittings; Collars, crankshaft thrust; Compressors and parts thereof, air; Commutator copper segments; commutator insulating end rings; Tapered discs of hot-rolled steel, with or without centre hole, for disc wheels; Diaphragms for fuel and vacuum pumps; Distributor rotors and cam assemblies; Door bumper shoes; Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals; Gaskets of any material except cork or felt, composite or not, parts and materials therefor; Ignition contact points; Keys for shafting; Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof; *Laminated composition plastic timing gear blanks;*						

	Lenses of glass for motor vehicle lamps and for light reflectors;					
	Lock washers;					
	Magnetic plugs;					
	Piston ring castings in the rough, with or without gates and fins removed;					
	Propeller shaft tubes of steel bonded by rubber;					
	Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies;					
	Shift control, electric, for two speed rear axles;					
	Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof;					
	Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies;					
	Synchronizing cones, or blocking rings for transmissions;					
	Vacuum, hydraulic or air control assemblies and parts thereof;					
	Vulcanized fibre in sheets, rods, strips and tubings;					
	Parts of all the foregoing;					
	All of the foregoing for use in the manufacture or repair of goods enumerated in tariff items *410a(iii)*, 424 and 438*a*, or for use in the manufacture of parts therefor:					
					Free	Free	30 p.c.
	1. When of a class or kind not made in Canada.....	Free	Free	30 p.c.	Free	17½ p.c.	30 p.c.
	2. When of a class or kind made in Canada.....	Free	17½ p.c.	30 p.c.	Free	25 p.c.	35 p.c.
438*c*	Ammeters;					
	Arm rests and wheel housing lining of indurated fibre, pressed to shape;					
	Axle housings, one piece welded, machined or not, including parts welded thereto;					
	Carburators;					
	Chassis frames and steel shapes for the manufacture thereof;					
	Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base;					
	Control ventilator gear box;					
	Cylinder lock barrels, with or without sleeves and keys thereof;					
	Dash heat indicators;					
	Engine speed governor units;					
	External ornaments unplated, including name plates, letters and numerals, but not including finish or decorative mouldings;					
	Fluid couplings with or without drive plate assemblies;					
	Gauges, gasoline, oil or air;					

57071-3—81

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438*c* (contd.)	Grilles not plated, polished or not before assembly, and parts thereof not plated or polished after final forming, casting or piercing, not including added finish or decorative mouldings; Hinges, finished or not, for bodies; Horns; Instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies; *Instrument board panels of moulded or laminated glass fibres and plastic;* Locks, electric ignition, steering gear, transmission, or combinations of such locks; Mouldings of metal, with nails *or prongs*, set in position, lead filled or not; Oil filter parts, namely: perforated filter refill oil board bodies, refill end discs, and roll-seam perforated tubes; Ornaments and identification plates of metal, unplated, not including finished or decorative mouldings; Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor; Purifiers for gasoline, including brackets and fittings therefor; Radiator shutter assemblies, automatic; Radiator water gauges; Radiator shells not plated nor metal finished in any degree; Shackles, bearing spring; Speedometers; Spring covers of metal and closing strips or shapes therefor; Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of metal in the rough, *coated or not*, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree; Steering wheels, rims and spiders therefor; Sun visor blanks of gypsum weatherboard; Tachometers, with or without tachographs, both electric and gear driven; Thermostatic controls;						

Throttle, spark, choke, and hood lock release assemblies, including buttons therefor; Torque convertors; Auxiliary transmission overdrive units and controls therefor; Universal joint ball assemblies; Windshield and window wipers; Parts of all the foregoing, including brackets, fittings and connections therefor; All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410*a*(*iii*), 424 and 438*a*, or for use in the manufacture of parts therefor	Free	17½ p.c.	30 p.c.	Free Free	17½ p.c. 25 p.c.	30 p.c. 35 p.c.
(1) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and if not less than forty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.
(2) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and if not less than fifty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.
(3) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and if not less than sixty per cent of the factory cost of production of such automobiles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.

57071-3—81½

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438*c* (contd.)	(4) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff item 410*a*(*iii*), 438*a* and 424, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and if not less than forty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be...	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.
	(5) If the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410*a* (*iii*), 438*a* and 424, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and if not less than fifty per cent of the factory cost of production of such vehicles, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.
	(6) If the above articles are of a class or kind not made in Canada and are for use in the repair of the goods enumerated in tariff items 410*a*(*iii*), 424 and 438*a*, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be....	Free	Free	25 p.c.	Free Free	Free 25 p.c.	25 p.c. 35 p.c.
	(7) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out provisions of this item.						
438*d*	Axles, front and rear; *Bell or clutch housings for vehicles having a gross vehicle weight rating of over 19,500 pounds;* Brakes; Brake drums; Clutches;						

438*d* contd.	Drive shafts; Fuel pumps for engines of 260 cubic inches and over in displacement; Hubs; Hydraulic or fluid couplings; Internal combustion engines *of 349 cubic inches and over in displacement;* *Linkages and controls for use with clutches, transmission assemblies, power dividers or transfer cases, when the main assemblies are of a class or kind not made in Canada;* Magnetos; Power dividers or transfer cases; Rims for pneumatic tires; *Spring shrouds, spring seats, and spring anchor plates of metal for vehicles having a gross vehicle weight rating of over 19,500 pounds;* Steel road wheels; *Steering drag links for vehicles having a gross vehicle weight rating of 20,000 pounds or over;* Steering gears; Tandem axle suspensions, not to include springs; Transmission assemblies; Universal joint; Parts of the foregoing; All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same.....	Free	17½ p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.
	(1) If the above articles are imported for use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410*a*(*iii*), 424 and 438*a*, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) If the above articles are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be.....	Free	Free	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(3) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438e	*Internal combustion engines of 348 cubic inches and under in displacement;* *Parts of the foregoing;* *All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same*	Free	17½ p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.
	(1) If the above articles are imported for use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410a(iii), 424 and 438a, and during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not including duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) If the above articles are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(3) The Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438f	(1) Parts, n.o.p., electro-plated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 438a and 424, including engines, but not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
	(2) Brake linings, and clutch facings whether or not including metallic wires or threads:						

	(a) When made from crude asbestos of British Commonwealth origin	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
	(b) When made from crude asbestos, n.o.p.	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
439*b*	Cars, *trailers including house trailers and mobile homes*, n.o.p., wheelbarrows, trucks, road or railway scrapers and hand carts	10 p.c.	22½ p.c.	30 p.c.	Free 10 p.c.	10 p.c. 22½ p.c.	15 p.c. 30 p.c.
439*e*	Buggies, cutters, carriages, *animal-drawn* pleasure carts and *animal-drawn pleasure* vehicles, n.o.p.; parts of the foregoing	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
440*m*	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
	1. When of types or sizes not made in Canada	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, *1960*	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
440*n*	Aircraft engines, when imported for use in the equipment of aircraft:						
	1. When of types or sizes not made in Canada	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, *1960*	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
462*d*	Cinematograph and motion picture cameras for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing	Free	Free	15 p.c.	Free	9 p.c.	15 p.c.
	On and after July 1, 1959	Free	9 p.c.	15 p.c.			
462*i*	*Optical sound equipment;* *Dollies, or other mobile mounting units for motion picture cameras;* *Booms, without wiring, for use with microphones;* *Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds;* *Parts of the foregoing;* *All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production*	Free	Free	15 p.c.	Various	Various	Various
	(*This item expires effective July 1, 1959*).						
463*b*	*Still picture projectors combined with sound equipment*	10 p.c.	15 p.c.	30 p.c.	15 p.c.	20 p.c.	30 p.c.
482	*Hearing aids* and similar appliances, batteries, battery chargers and battery testers therefor, for use by deaf persons; electronic ear-training apparatus, including microphones, headsets, record-turning devices and tone arms, designed for use by or for the training of the deaf; parts of the foregoing; under such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
482a	*Materials for use in the manufacture or repair of hearing aids and parts thereof as specified in tariff item 482*.....	Free	Free	Free	Various	Various	Various
504*a*	Ponderosa pine lumber (pinus ponderosa), California sugarpine lumber (pinus Lambertiana) *and California redwood lumber (sequoia semper virens)*, not further manufactured than planed, dressed or jointed.....	Free	Free	Free	Free	Free	Free
505	Planks, boards, deals and other lumber of wood, *not further manufactured than the product of a planing machine with various profile attachments, n.o.p*.....	10 p.c.	10 p.c.	25 p.c.	10 p.c. 17½ p.c.	10 p.c. 20 p.c.	25 p.c. 25 p.c.
505a	*Ponderosa pine lumber (pinus ponderosa) and California sugarpine lumber (pinus Lambertiana), not further manufactured than the product of a planing machine with various profile attachments, n.o.p*.....	5 p.c.	5 p.c.	25 p.c.	5 p.c.	5 p.c.	25 p.c.
505b	*Douglas fir lumber (pseudotsuga taxifolia) and white oak lumber (quercus spp.), not further manufactured than the product of a planing machine with various profile attachments, n.o.p*.....	7½ p.c.	7½ p.c.	25 p.c.	7½ p.c.	7½ p.c.	25 p.c.
505c	Hardwood flooring, tongued and grooved, or jointed, *namely*: beech, birch, maple and oak.....	17½ p.c.	22½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
505d	Shingles of cedar, creosoted, vulcanized or otherwise processed or treated.....	Free	Free	25 p.c.	Free	Free	25 p.c.
595a	Tape, coated, not exceeding three-eighths of an inch in width, for use in the recording and reproduction of sound.....	5 p.c.	10 p.c.	35 p.c.	5 p.c.	10 p.c.	35 p.c.
597*d*	Musical instruments, namely: Autoharps, clavichords, harpsichords, *harps;* *Bass violas, violas, violins, violoncellos;* *Strings for the foregoing;* Recorders, xylophones; *Bassoons, clarinets, English horns, fifes, flutes, oboes, piccolos, saxophones*.....	Free	Free	30 p.c.	Free 15 p.c. Free 10 p.c.	Free 17½ p.c. 15 p.c. 15 p.c.	30 p.c. 30 p.c. 30 p.c. 30 p.c.

691	(1) Communion sets; oil stocks; crosiers; benitiers; sprinklers; incensers; incense boats; baptismal shells or fonts; scapulars; chapelets, rosaries; religious statues, statuettes, medals and crosses; Scroll sets; Chanuka candle sticks; Kiddush sets; Mezuzah boxes; Havdalah sets; *Seder plates;* parts of the foregoing.....	Free	Free	Free	Free 20 p.c.	Free 20 p.c.	Free 30 p.c.
695*d*	Engravings, etchings, *lithographs*, *woodcuts*, maps and charts, printed prior to January 1, 1900; *original engravings*, etchings, *lithographs*, *woodcuts*, unbound, printed by hand from plates or block *wholly executed by hand, and signed by the artist*.....	Free	Free	Free	Free 12½ p.c.	Free 20 p.c.	Free 22½ p.c.
696*a*	Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; *sound recordings, other than for sale or rental;* models, static and moving; wall charts, maps and posters; when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character; under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
696*c*	*Sound recordings* specially made for use in the study of languages; *Sound recordings* for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns; Sound recordings for the use and by order of any society or institution incorporated or established solely for religious purposes, and not for sale or rental; Under such regulations as the Minister may prescribe..	Free	Free	Free	Free Various	Free Various	Free Various
703*a*	Travellers' baggage, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
	Goods entitled to entry under this tariff item shall be exempt from all imposts, notwithstanding the provisions of this Act or any other Act.						
703*b*	(*1*) Goods valued at not more than one hundred dollars included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than forty-eight hours and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
703*b* contd.	A resident of Canada shall not be entitled to the exemption herein granted within a period of four months from the date of the last exemption allowed, nor shall the exemption be allowed on alcoholic beverages in excess of one quart, or on tobacco in excess of fifty cigars, two hundred cigarettes and two pounds of manufactured tobacco.						
	(2) *Effective on and after July 1, 1958, in addition to the exemption provided for in part (1) of this item, a resident of Canada returning from a point beyond the continental limits of North America after an absence from Canada of not less than fourteen days may elect to avail himself of the following special exemption:*						
	Goods valued at not more than two hundred dollars (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco), acquired in overseas countries by residents of Canada during an absence from Canada of not less than fourteen days and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
	All goods admitted under the foregoing special exemption shall be declared by the resident at the time of his return to Canada, and any person who has availed himself of the special exemption is not entitled to any further exemption under item 703b within a period of twelve months from the date the last special exemption was allowed.						
	Goods entitled to entry under this tariff item shall be exempt from all imposts, notwithstanding the provisions of this Act or any other Act.						
703*c*	Goods (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco) imported						
	(1) by members of the Canadian Forces or by employees of the Canadian Government after an absence from Canada of not less than one year,						
	or						

	(2) by former residents of Canada returning to Canada to resume residence therein after having been residents of another country for a period of not less than one year, and acquired by them for personal or household use and actually owned abroad by them for at least six months before their return to Canada, under such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free
	Goods entitled to entry under this tariff item shall be exempt from all imposts, notwithstanding the provisions of this Act or any other Act. Any goods imported under this tariff item which are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.						
791	Materials of all kinds for use in producing or manufacturing preparations provided for in tariff items 209*b* and 219*a* under such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free
901	(*a*) Synthetic resins without admixture, including scrap or waste:						
	1. Phenol-aldehyde type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	2. Amino-aldehyde type	Free	Free	10 p.c.	Free	Free	10 p.c.
	3. *Polyester* type	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	4. Polyamide type	Free	Free	10 p.c.	Free	Free	10 p.c.
	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	7. Resins derived from natural resin or tall oil, n.o.p.	Free	Free	10 p.c.	Free	Free	10 p.c.
	8. Polyethylene type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	9. Other type	Free	Free	10 p.c.	Free	Free	10 p.c.
	(*b*) Synthetic resins in the form of aqueous emulsions, aqueous dispersions or aqueous solutions, without admixture:						
	1. Phenol-aldehyde type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	2. Amino-aldehyde type	Free	Free	10 p.c.	Free	Free	10 p.c.
	3. *Polyester* type	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	4. Polyamide type	Free	Free	10 p.c.	Free	Free	10 p.c.
	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	7. Resins derived from natural resin or tall oil, n.o.p.	Free	Free	10 p.c.	Free	Free	10 p.c.
	8. Other type	Free	Free	10 p.c.	Free	Free	10 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
901 contd.	(*c*) Synthetic resins in organic solvents where the solvent is not more than 60 per cent by weight, without other admixture:						
	1. Phenol-aldehyde type	12½ p.c.	12½ p.c.	22½ p.c.	12½ p.c.	12½ p.c.	22½ p.c.
	2. Amino-aldehyde type	12½ p.c.	12½ p.c.	22½ p.c.	12½ p.c.	12½ p.c.	22½ p.c.
	3. *Polyester* type	12½ p.c.	12½ p.c.	22½ p.c.	12½ p.c.	12½ p.c.	22½ p.c.
	4. Resins derived from natural resin or tall oil, n.o.p.	12½ p.c.	12½ p.c.	22½ p.c.	12½ p.c.	12½ p.c.	22½ p.c.
	5. Other type	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*d*) Synthetic resins, in powder or granular form, containing an ingredient to prevent caking in shipment, not in excess of 3 per cent by weight, but without further admixture:						
	1. Amino-aldehyde type	Free	Free	10 p.c.	Free	Free	10 p.c.
	2. Other type	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p
902	Synthetic resins, compounded with other materials, in any form, including scrap or waste, for moulding, casting, extruding, calendering, pressing, (moulding compositions or materials for processing into moulding compositions); synthetic resins compounded with other materials in the form of not fully cured preforms or not fully cured blanks for compression mouldings:						
	(*a*) Phenol-aldehyde type	10 p.c.	15 p.c.	25 p.c.	10 p.c.	15 p.c.	25 p.c.
	(*b*) *Polyester* type	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	(*c*) Polystyrene type	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*d*) Vinyl type, except vinylidene	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*e*) Polyethylene type	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*f*) Other type	Free	Free	10 p.c.	Free	Free	10 p.c.
907	Foamed and expanded synthetic resins, in logs, blocks or boards, or in flakes, granules or powder	15 p.c.	20 p.c.	25 p.c.	Free	Free	10 p.c.
914	Foamed and expanded cellulose plastics in blocks or boards, granules or powder	15 p.c.	20 p.c.	25 p.c.	Free	Free	10 p.c.

9. Resolved, that Schedule B to the *Customs Tariff* be amended by striking out item 1044, and the enumeration of goods and the rate of drawback of duty set opposite that item, and by inserting therein the following item, enumeration of goods and rate of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1044	**Fire brick**.....	When used by producers of ingots, blooms, slabs and billets of iron or steel, in the construction or repair of blast furnaces, *oxygen furnaces*, blast furnace stoves, open hearth furnaces (including checker chambers) and soaking pit furnaces.....	99 p.c.

10. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 18th day of June, 1958, and to have applied to all goods mentioned in the said resolutions 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.

(*See also Budget Papers, pages 1285 to 1379.*)

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, last evening when the leader of the house gave us some indication that the Minister of Finance (Mr. Fleming) would not be brief tonight, one of my neighbours—I must say, not on my immediate left—said: Well, he probably will need a lot of time to explain the bad things away. And I think we have certainly found that out.

The minister tonight used a lot of pages, and he got into a lot of economic gobbledygook—

Some hon. Members: Oh, oh.

Mr. Benidickson: —to explain to us about these affairs, but I think that was in a large measure due to the fact that the minister has learned that he gets into a fair amount of trouble when he is too dogmatic and, perhaps, because we can certainly think of some of the more prominent things he has said in recent times of that nature of which, no doubt, he would not like to be reminded at this moment. For example, there was his reference to inflation, when he said just about a month before last Christmas down in Florida to United States investors: "I confidently tell you that inflation has been checked." Again, in his last budget speech from the opposition side in a very terse and dogmatic statement, he stated very positively "we wish to see a balanced budget because we believe in balanced budgets." Well, that is funny in relation to this budget tonight.

I have tried to find things which would make it possible for me to extend some words of congratulations to the hon. gentleman, but the nature of his budget does not make that very easy. Perhaps I can say, however, that he has at least introduced some harmony tonight with the blue box in front of him, and the blue carnation and the blue haberdashery. And we certainly have a blue budget. I think we have more than a blue budget; we have a sick budget, and I am afraid that most people among the public after hearing about it will agree that the minister himself offered very little anti-recession medicine with his sick budget.

The minister could, I suppose, be congratulated for having established some records. The size of the deficit is, of course, an all-time record in peace time, and the amount of his spending is an all-time record. But there is one thing with regard to which he has not established a record as a Conservative finance minister, because since 1913 a Conservative government has never introduced a budget with a surplus.

Now it will take a little while to examine the very complicated figures which the minister gave to us tonight in order to make sure whether even his deficit of $640 million will prove to be the deficit we would normally have under our accounting system. I do know that probably the most responsible outside organization which looks at these things very carefully, the Canada tax foundation, estimated that the budget figures would probably establish a deficit of $1 billion. But the writer of this editorial did say that the Minister of Finance—and I quote the words used—"may be able to hide some of this amount by certain accounting adjustments." I expect that when we do examine the minister's speech in *Hansard* more carefully tomorrow we will be able to find, looking at some of these so-called suspect items, some figuring in past style different from the figuring he has produced I am sure the deficit will be larger.

I myself, in the estimates committee the other day, asked whether or not there was going to be a raid on the defence equipment fund, and it will be very interesting tomorrow to find out whether the figures with regard to loans and investments will prove my suspicion to be well founded.

In addition to this, the house did not get the story with regard to spending. We did not hear a word tonight about dominion-provincial relations; there was not a suggestion that if certain wishes of Premier Frost are going to be fulfilled in the near future another $78 million will be required, and if additional payments are to be made in this direction we would anticipate that probably another $150 million beyond what we have heard, would be involved in equalization payments.

We have heard nothing about the estimate of the cost of the federal share of national hospitalization, arrangements for which would be implemented within a couple of weeks—

Mr. Fleming (Eglinton): Of course you did.

An hon. Member: Were you not listening to the speech?

Mr. Benidickson: Reference was made to the old age pension deficit but, of course, this house was not informed that it is estimated that the old age pension deficit for the year to which the minister was referring will not be $102 million as mentioned in the speech tonight but will, doubtless, be about double that.

An hon. Member: He said that.

Mr. Benidickson: But my chief criticism of the budget, as I said at the beginning, Mr. Speaker, is that there is little anti-recession medicine in it. It is a deficit budget, of course, but it is prominently a deficient budget. I suggest that it lacks quick economic stimulants and the disappointment is that not only does it lack push, it will push a lot

of business thinking in the wrong direction. In other words, just like Topsy, this was not a planned or an economic, designed budget—it just "growed". We have a deficit not by design but a deficit by default and one might say that the promises of yesterday have become the deficits of today.

There is nothing new in the terms of this budget for jobs and there is less for business. It has been a piecemeal economic attitude that has been developed by the Minister of Finance and we can say now with great confidence and satisfaction that we certainly were right last session when we told the Minister of Finance that he should bring down a budget, that we should have a white paper so that the economics of the situation in the light of new events could have been most carefully examined not only by the minister but on a formal basis, as always takes place at budget time, in the presence of the officials whom he very promptly complimented tonight.

At this point may I, too, associate myself with the minister in saying that I have enjoyed not only the friendship but several years of close association with Doctor Eaton who has a long-term record of service to this country in the income tax division of the Department of National Revenue. I join with the minister in wishing Doctor Eaton well in his new employment.

My analysis of what is lacking in this budget is that the government is simply sitting out the situation and sitting it out on its hands. An eminent United States economist, Senator Douglas, made an interesting comment with respect to remedies that should properly be applied in the recession in that country which I should like to draw to the attention of the Minister of Finance: It is better to do too much than to do too little and then do it too late.

Mr. Baskin: You should know all about doing too little too late.

Mr. Benidickson: I cannot resist commenting that even if my hon. friend, the Minister of Finance, had done something tonight it would be too late. Evidence of the fact that the minister and those associated with him have been too late in coming to grips with what has needed to be done is that, according to their speeches, they did not recognize the nature of the problem that had been facing us last winter and last fall. There was no bold new program then and there is not any bold new program now. It is a wait and see, a slow motion budget and I suggest to the minister that because he will have to do things eventually we are asking why he is not doing them now.

An hon. Member: Maybe he learned from your experience.

Mr. Benidickson: It is not much of a budget, my friend. There is little for anybody in this budget.

Mr. Baskin: There is very little in your reply to it.

Mr. Benidickson: The budget contains very little for the Canadian people except cheaper rat poison, violins, cut flowers and tree guards not more than 36 inches in height, as I noted some of the points made by the minister tonight.

We have heard something about changes in tariffs. We will have an opportunity of discussing these matters in more detail at a later date but I want to say one thing at this time. Everybody knows that British appetites were whetted by the eloquence of the Prime Minister (Mr. Diefenbaker) with respect to trade just as Canadian appetites were whetted by the talk we heard about tax reductions. Just before the Mont Tremblant conference cold water was thrown on certain tariff items that affect the British and I suggest that quite a chill has been cast tonight on the commonwealth conference that is about to take place. All of this is very inconsistent with some of the philosophies of the Prime Minister. At Brantford, Ontario, on February 17, 1958, the Prime Minister had this to say:

> The purpose of the commonwealth conference is to capture markets that have been lost. Let us give the British an opportunity for trade in Canada and assure them the necessary Canadian dollars to buy our products because trade must be in both directions.

Again I say that appetites that were whetted by the Prime Minister here will certainly be disappointed. I recall that toward the end of the last session, on January 20, 1958, as recorded at page 3523 of *Hansard*, the Prime Minister in some cross questioning about what tax reductions the Canadian people might expect said:

> We have reduced taxes—

The following exchange then took place between the Prime Minister and the then hon. member for Coast-Capilano, Mr. Sinclair:

> Mr. Sinclair: How much?
> Mr. Diefenbaker: They say how much, Mr. Speaker.
> Mr. Sinclair: You promised $500 million.
> Mr. Diefenbaker: When we have the authority we shall do so.

What government had more authority to carry out promises to the people than that which the government has at the present time?

As I have the right to continue this speech on Friday—I believe that is the date, may I adjourn the debate.

On motion of Mr. Benidickson the debate was adjourned.

Collapse of Second Narrows Bridge

BRIDGES

SECOND NARROWS, VANCOUVER—COLLAPSE OF TWO SECTIONS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, before the house adjourns I think I should make reference to the catastrophe that has taken place in British Columbia when two sections of the second narrows bridge in Vancouver collapsed this evening with a loss of life, and to say that all of us in this house extend our sympathy to their loved ones who survive and our deep regret at what has taken place.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of those in this party I wish to associate ourselves with the Prime Minister's expression of shock and regret at this very sad news.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to add my words to those already spoken. This touches me very deeply because the bridge is located in my constituency and I together with others have been looking forward to the opening of this bridge in the very near future. It is one of those occasions when one can hardly find words to express one's feelings. All I can do is to join with the Prime Minister and the Leader of the Opposition in hoping that our thoughts will be understood by those who survive.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the government leader what the business of the house is for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall commence with the second reading of the bill to amend the Hospital Insurance and Diagnostic Services Act, which is item No. 11 on today's order paper; then continue the debate on the resolution concerning the Department of Transport Act, which is item No. 7; then take item No. 9, the resolution concerning the Cape Breton Highlands national park; and item No. 12, the resolution relating to the Yukon Act. If there is any time left after that we shall take item No. 3, second reading of the Lake of the Woods Control Board Act, and item No. 4, the second reading of the bill to incorporate the lakehead harbour commissioners.

It being 23 minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

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

CARGO-PASSENGER VESSEL, WEST INDIES SERVICE

Question No. 2—**Mr. Chevrier:**

1. Have plans and specifications been prepared for the construction of the new cargo-passenger vessel to serve the West Indies federation?
2. If so, what will the ship cost?
3. Will tenders be called for its construction?
4. When will it be completed?
5. What islands of the federation will it serve?
6. To whom will the ship be entrusted for operation?
7. Has a report been prepared on the economics of this service?
8. What will be the cost of operating the ship?
9. What will be the amount of the annual deficit?
10. What will be the total cost to Canada, capital and operation, of this aid to the federation?
11. What trade will be promoted between the two countries by this ship?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

This answer is in the form of an interim report on the status of this project. The questions ask for a considerable amount of detail about the plans, specifications, costs and operational arrangements for the vessel which cannot be answered in full at this time.

It should be explained that some time before federation was achieved in the West Indies the standing federation committee of the islands had sought outside advice as to the needs of the various islands for a service to provide cargo and passenger accommodation on a regularly scheduled basis between all the various islands. As a result of expert study of this question by outside specialists and by the West Indians themselves, it became clear that one of the pre-eminent needs of the federation was for a regularly scheduled shipping service between the islands and that a vessel for this purpose would have to meet certain design specifications.

As a result of these investigations and of reports by Canadian representatives in the West Indies, the Canadian government took the view that the most useful thing that Canada could do for the West Indies was to make available a ship for this interisland service. The detailed plans and specifications to which the question is directed have yet to be drawn up. Canadian government shipping experts are being made available to the West Indies to help them draw these detailed plans and specifications; the first of a series of meetings between our experts and West Indies experts is expected to take place in the West Indies toward the end of June.

When discussions between Canada and the West Indies are much further advanced it will be possible to give much more detailed information in answer to the present inquiry. Tenders will be called for the construction of this ship in the usual way, but it is not possible to give a precise figure as to what the ship will cost or when it will be completed. The preliminary advice received is that the vessel will cost almost $2½ million. Funds to meet the cost expected to arise in the current financial year are included in the supplementary estimates of the Department of External Affairs.

Parts 6, 7, 8, 9, and 10 of the question are directed at the arrangements for the operation of this vessel when it is built. This vessel will be given to the West Indies federation. Title to the vessel will be formally turned over to that government and it is therefore a matter for the decision of that government how the vessel is operated, and with what company or other agency arrangements are made for its operation. It would not be appropriate to comment on the cost of operating the ship and the amount of the supposed annual deficit, except to state that Canada has not undertaken any responsibilities for the operation of the vessel. The operation of this vessel is a responsibility of the federal government of the West Indies; it is the view of the Canadian government that Canada can best give assistance by providing the vessel itself.

Part 2 of the question asks what trade will be promoted by this vessel between the two countries. Trade in the whole range of products which have traditionally moved between Canada and the islands will be assisted by the provision of this vessel. In particular, the products of the smaller islands will be moved more expeditiously, regularly and rapidly to major transshipment centres by the provision of a regularly scheduled interisland service.

When the technical discussions referred to above have advanced somewhat, further information will be available.

AUTOMOBILE EXPORTS TO CHINA

Question No. 22—**Mr. Martin (Essex East):**

Has an investigation been made into the allegation that automobiles manufactured in Canada have not been allowed to be exported to China because of action taken by the government of the United States and by automobile manufacturers in that country?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Yes. Inquiries in this matter have been instituted and are continuing.

ADVANCE PAYMENTS ACT—LOANS TO FARMERS

Question No. 53—**Mr. Argue:**

1. How many farmers have applied for a loan under the Prairie Grain Advance Payments Act in each province and for each month since December 1, 1957 to date?

Questions

2. How many farmers in each province have obtained a loan under this act for each month since December 1, 1957?

3. What was the total amount paid out in loans within each province under this act for each month from December 1, 1957 to date?

4. What is the mean average amount of the loans given in each province since December 1, 1957?

5. What is the total amount that has been refunded under this act from within each province each month since December 1, 1957 to date?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. There is no record available of the number of producers who applied for advances under the Prairie Grain Advance Payments Act through their local elevator agent and whose applications were rejected because of ineligibility. Records are maintained, however, with respect to all applications approved by the local agent, the detail of which is shown in the answer to question 2.

2. The number of farmers in each province who have obtained a loan under the act is as follows:

Date	Manitoba	Saskatchewan	Alberta
Nov. 27 to 29, 1957	818	1,307	29
Dec. 1957	8,053	19,387	6,889
Jan. 1958	1,777	5,469	2,018
Feb. 1958	418	1,023	408
Mar. 1958	272	515	217
Apr. 1958	289	694	209
May 1958	92	333	100
Total	11,719	28,728	9,870

3. The total amount paid out within each province for each month is as follows:

Date	Manitoba	Saskatchewan	Alberta
Nov. 27 to 29/57	$ 583,703	$ 1,105,791	$ 26,102
Dec./57	5,076,006	14,835,125	4,528,315
Jan./58	1,035,244	4,495,754	1,298,809
Feb./58	180,775	633,516	208,669
Mar./58	108,466	277,854	93,466
Apr./58	99,460	316,808	70,403
May/58	27,598	134,140	32,330
Total	$7,111,252	$21,798,988	$6,258,094

4. The average amount of the advance in each province has been as follows:

Manitoba	Saskatchewan	Alberta
$607	$759	$634

5. The total amount refunded under the act in each province each month is as follows:

Date	Manitoba	Saskatchewan	Alberta
Dec./57	$ 267,425	$ 718,140	$ 179,186
Jan./58	869,895	3,242,902	1,159,887
Feb./58	571,080	1,952,771	756,925
Mar./58	565,112	1,447,790	957,442
Apr./58	513,955	2,199,342	489,613
May/58	1,331,998	3,467,123	824,662
Total	$4,119,465	$13,028,068	$4,367,715

APPENDIX "A"

CORRESPONDENCE BETWEEN FEDERAL AND SASKATCHEWAN GOVERNMENTS

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, June 4, 1958.

My dear Premier:

I have your letter of May 30 in regard to the calculation of tax-sharing payments for the fiscal year 1958-59 for the province of Saskatchewan.

I am asking my colleague the Minister of Finance to examine the facts which you have placed before me and you will, no doubt, be hearing from him shortly.

I am,
Yours sincerely,
John G. Diefenbaker.

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

PREMIER'S OFFICE
Saskatchewan

Regina, May 30, 1958.

The Rt. Hon. J. G. Diefenbaker, Q.C.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Prime Minister:

Our officials have reported on the recent meeting of the federal-provincial continuing committee on fiscal and economic matters. On the basis of their report, I am taking the liberty of writing you about a possibility which will have unfortunate effects upon the amendment to the Tax-Sharing Arrangements Act passed by the House of Commons last January.

We are now receiving the initial tax-sharing payments for fiscal 1958-59 based on 95 per cent of the latest revised 1957-58 payment, with adjustment for the increased share of 3 per cent of the federal individual income tax rates. We hoped that this was an indication that the basic stabilization amount for the current year would be adjusted so that we receive the benefits of the 3 per cent increase should the stabilization provision become operative.

Our officials inform us, however, that the payment now being made should not be considered a basic stabilization amount. Rather, the basic stabilization amount for fiscal 1958-59 will be 95 per cent of the 1957-58 payment, which was based on the old standard rate of 10 per cent of individual income tax.

In view of economic trends, this will nullify the purpose of the 3 per cent amendment.

Your telegram of last January 24 stated the purpose of the amendment as enabling provincial treasurers, when budgeting, "to know immediately what if any additional fiscal payments they may expect to receive from dominion government during the fiscal year".

On January 27 the Minister of Finance urged passage of this resolution to which "the government attaches very great importance, for it looks upon this measure as one that will bring aid to the provinces and municipalities of this country, and effective aid also in meeting the problem of unemployment". The minister stated further that the measure "will assure for the fiscal year commencing April 1 next an additional sum of $62,203,000 for distribution among them (the provinces) on the relatively simple basis of increasing from 10 per cent to 13 per cent that proportion of the individual income tax which the provinces are entitled to receive".

Of course, the value of the increase will be determined by the level of taxable income and population in taxation year 1958. To date, income trends indicate that the increase of 3 per cent will not provide an additional $62 million to the provinces, but will only offset the drop that might otherwise have taken place. Indeed, it now appears possible that there will be a drop in payments so severe that the basic stabilization provisions will be invoked. This means the amounts the provinces will receive for fiscal year 1958-59 will be the same as if the act had not been amended.

Therefore, the 3 per cent increase will not contribute to the objectives of aiding the provinces and municipalities and the unemployed. In addition, the budgetary aim of the amendment will be defeated, since the provinces will have overestimated their revenues by some $62 million. I feel sure that this is not the intention of your government.

I would urge that an amendment to the Tax-Sharing Arrangement Act be brought before parliament in order to forestall any possibility of the above occurring.

There seem to be two ways in which such an amendment can be given effect. First, for purposes of computing the basic stabilization amount for the current fiscal year, the 1957-58 payment be recalculated using a 13 per cent standard rate for individual income tax. Ninety-five per cent of this recalculation would become the basic stabilization amount

for 1958-59. Allowing for final adjustment on the 1957-58 payment, this would approximate the amounts currently being received as initial 1958-59 payments.

A second method is to divide the 1958-59 basic stabilization amount into two components—95 per cent of the finally adjusted 1957-58 payment, and an additional 3 per cent on the standard rate for individual income tax, based on 1958 returns. While the value of this additional 3 per cent would not be known for some time, an approximate payment might be made. This would minimize provincial overbudgetting.

There is, of course, no suggestion that these amendments have any retroactive effect.

Unless an amendment is approved in time, new population estimates will lead to deductions for overpayment to the provinces in July. This gives the entire matter an element of great urgency, so I would request you to give this your earliest earnest consideration.

Because it is important to all provinces, I am sending copies of this letter to all provincial premiers.

Yours sincerely,
T. C. Douglas.

MINISTER OF FINANCE

OTTAWA, June 17, 1958

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

My dear Premier:—

As you know from his reply of June 4, the Prime Minister has sent me a copy of your letter of May 30 in which you make certain representations on the subject of stabilization under the Federal-Provincial Tax-Sharing Arrangements Act.

I am sorry that there has been an apparent misunderstanding on your part as to the basis of the preliminary payments for 1958-59. When I introduced the amendments last January, I was careful to point out and to illustrate by a table that the increase of $62 million you refer to was based on statistics of the previous year and not of the year commencing April 1, 1958. As early as February 21 your deputy provincial treasurer was advised of our concern regarding the trends that were appearing for the current year and the basis of the preliminary payment was clearly indicated in the letter accompanying the April remittance.

I mention this because I think everyone concerned has appreciated the difficulties of accurately estimating payments in the current year. This basis was requested by most of the provinces, including Saskatchewan, with a full knowledge of the problems. Under the circumstances, I can hardly be expected to assume responsibility for the budget estimates of the provinces. While I am always happy to supply as much and as accurate information as possible, in the final analysis the responsibility for these is the provinces' own. Mr. Fines seems to have accepted this point of view, for he has not budgeted on the basis of the illustrative figures of which the $62 million was a part, but on his own estimate of $34.5 million, an amount somewhat less than that on which we are paying at the present time.

While I quite understand and appreciate the desire to maintain revenues at as high a level as possible, I believe your suggestion involves more than was ever suggested or indicated at the time the idea of a floor under provincial payments was proposed. I made that quite clear in the House of Commons on January 29, 1958. The purpose was to assure that no province would suffer a sudden and serious fall from the previous year in revenue from federal payments under this act. It was not intended to be a retroactive application to the extent of 95 per cent of any improvement in terms that might result in the future.

Yours sincerely,
Donald M. Fleming.

APPENDIX "B"

BUDGET PAPERS

presented by

the Honourable Donald M. Fleming, M.P.,

for the information of Parliament

in connection with the Budget of 1958-59

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1957, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ended March 31, 1958.

PART I

ECONOMIC REVIEW OF 1957

PAGE

1. National Accounts—
   - National Income and Product 1289
   - National Expenditure 1291
   - Personal Income and its Disposition 1294
   - Source and Disposition of Saving 1297
   - Investment and Capital Expenditure 1299
   - Revenue and Expenditure of All Governments 1301

2. Balance of International Payments 1306

3. Employment and Earnings 1310

4. Monetary and Credit Developments 1312

5. Price Trends 1315

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1957 estimates are preliminary and subject to revision.

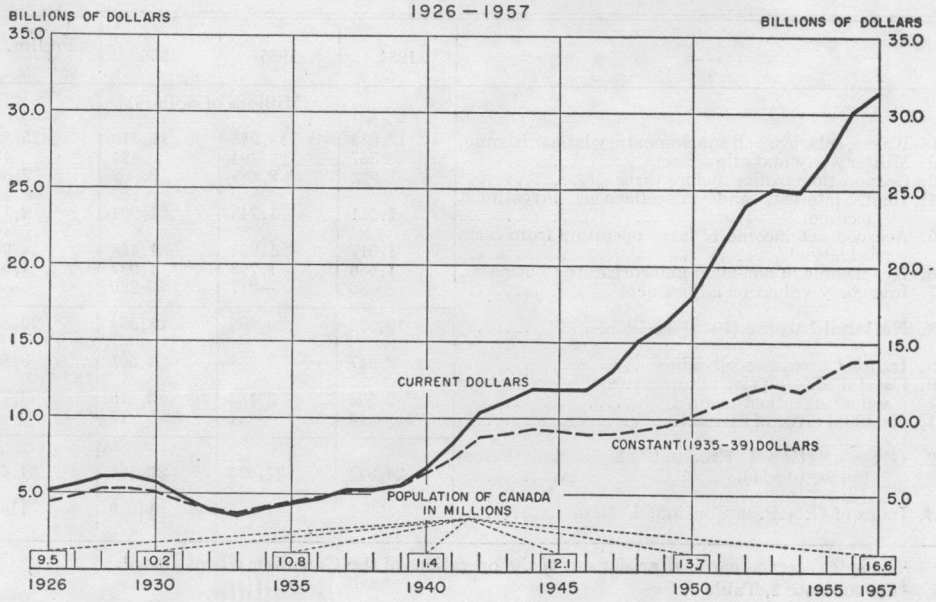
THE NATIONAL ACCOUNTS

National Income and Product

In 1957 aggregate physical production in Canada remained substantially unchanged from the record-breaking year of 1956. In value terms, national production increased by 4 per cent to a peak level of $31.4 billion but the increase was a reflection of higher prices. In both 1955 and 1956 the economy had expanded at a quite extraordinary rate. In 1957 the momentum of the economy slackened, and this loss of momentum was evident in the fields of income, production and use of resources.

Agricultural production declined in 1957 mainly as a result of the much lower yield for the western grain crop. On the other hand, the volume of non-agricultural output rose by about one per cent in 1957. This gain, while indicating a continued high level of overall demand, marks a pronounced change from the situation in 1956 when for the second year in succession strong expansionary forces dominated the economy. During that two-year period, non-agricultural production in real terms increased by 16 per cent and in the later stages of the economic upsurge the demand for additional goods and services began to press against the limits of productive capacity. In 1957, non-agricultural output, apart from seasonal factors, reached a peak in the first quarter of the year. Under the influence of less buoyant economic conditions both at home and abroad, production remained relatively stable for the next six months and declined by about 2 per cent in the fourth quarter of 1957. During the course of the year, the pressure on supply progressively eased and in some sectors, particularly the resource-based export industries, the continued growth in output capacity was somewhat more than adequate in relation to existing levels of demand.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT 1935–39 DOLLARS
1926 – 1957



57071-3—82

Employment in 1957 was, on the average, 2.4 per cent higher than in 1956 and this, in relation to the level trend in output, indicates that there was some decline in productivity. The labour force expanded at about double the average annual rate in the preceding five years and the gains in employment were not sufficient to absorb this extraordinarily large increase. Unemployment rose considerably and in early 1958 reached a higher level than in any other post-war year.

Both the commodity-producing industries and the service sector contributed to the modest rise in non-agricultural output for 1957 as a whole. Except for transportation, all the major service industries showed further increases in 1957, ranging from a small advance in retail and wholesale trade to a rise of 5 per cent for finance, insurance and real estate. The overall expansion in the volume of services amounted to about 1½ per cent. This indicates that there was some shift in the pattern of production since, in contrast to 1956, the growth in the goods-producing industry was less pronounced than in the service sector and accounted for a smaller share of the rise in total non-agricultural output. As in the previous year, the largest increase occurred in construction; the greater part of the growth of 8 per cent took place before the middle of 1957 when the high rate of activity in non-residential building began to taper off. There were substantial advances in mining and public utilities reflecting the continued stimulus from capital investment in the primary goods sector. Forestry was a notable exception and the sharp decline in activity in this industry was related to reduced sales of lumber in particular as well as higher inventories for other wood products. Non-durable goods manufacturing continued to rise slightly. Durable goods manufacturing, however, declined by almost 5 per cent with decreases concentrated in wood products, electrical apparatus, non-ferrous metal and iron and steel products. As a result manufacturing as a whole was off by about 2 per cent.

The sharp upward movement of production in 1956 was associated with a rapid rise in earned incomes. There was a further advance in national income during 1957 but the expansion reflected the changing tempo and pattern of economic activity and was more moderate, amounting to 3 per cent in contrast

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
1. Wages, salaries, and supplementary labour income.	12,432	13,215	14,719	15,825
2. Military pay and allowances	367	394	424	476
3. Corporation profits before taxes	1,963	2,489	2,802	2,505
4. Rent, interest, and miscellaneous investment income	1,511	1,748	1,964	2,179
5. Accrued net income of farm operators from farm production[1]	1,017	1,261	1,468	968
6. Net income of non-farm unincorporated business	1,656	1,793	1,937	1,941
7. Inventory valuation adjustment[2]	86	−217	−260	−60
8. **National Income** (1+2+3+4+5+6+7)	**19,032**	**20,683**	**23,054**	**23,834**
9. Indirect taxes less subsidies	2,947	3,238	3,601	3,802
10. Capital consumption allowances and miscellaneous valuation adjustments	2,905	3,163	3,515	3,722
11. Residual error of estimate	−13	−14	12	85
12. **Gross National Product at Market Prices** (8+9+10+11)	**24,871**	**27,070**	**30,182**	**31,443**
13. Index of G.N.P. in Constant Dollars	100.0	108.8	116.9	116.7

[1] Includes accrued earnings arising out of the operations of the Canadian Wheat Board.

[2] See footnote 2, Table 2.

to the rise of 11½ per cent in the preceding year. In 1956 all major income groups kept pace with the rise in national income whereas in 1957 different trends prevailed among the individual components. Wage and salary payments rose faster than total income in 1957 and reached a level of $15.8 billion or $1,106 million above 1956. The gain in labour income of 7½ per cent was sufficiently large to bring about a further improvement in real purchasing power. Labour income after reaching a peak in August, 1957, began to ease off but the level of wage and salary payments in the fourth quarter remained about 4 per cent higher than in the same period twelve months earlier. A substantial part of the gain in labour income for the year 1957 was due to the rise of 3 per cent in the number of paid workers. Since it is estimated that there was some reduction in working hours, more than half of the increase in total wage and salary payments was accounted for by the continued upward movement in rates of pay.

Changes in business conditions are quickly reflected in the trend of corporate earnings. In 1955 and 1956 corporate profits rose to peak levels as greatly expanded productive facilities operated close to capacity levels. In 1957 lower prices for some of Canada's major export products and reduced output levels in a number of industries were some of the factors reflecting weaker market conditions. At the same time, costs of production continued to rise notwithstanding some easing in raw material prices. These trends on both the demand and the supply side were largely responsible for the decline of $297 million or 11 per cent in corporate profits during 1957.

Income from rentals and interest payments increased by 11 per cent in 1957 and reached a level of $2,179 million. The gain of $215 million was about the same as in the previous year and this tends to emphasize the steady growth in this component of investment income during recent years in contrast to the greater variation in corporate earnings.

Farm cash income declined by $75 million or 3 per cent in 1957. Lower returns from grains more than offset increased receipts from livestock and dairy products. Farm cash income takes into account only final sales whereas accrued farm income is based on the value of annual production. Thus, accrued net farm income fell by $500 million or 34 per cent in 1957, largely as a result of the decline of about 400 million bushels or 27 per cent in the western grain crop while farm cash income was maintained to a considerable extent from sales out of inventories. On a per capita basis the reduction in farm income for 1957 was somewhat less because of the further decline in the agricultural labour force.

Net income of non-farm unincorporated business remained largely stable in 1957. There was a modest gain in the service and trade sector. However, income from construction declined for 1957 as a whole notwithstanding a marked improvement in the latter part of the year when housing starts began to rise rapidly.

National Expenditure

In 1957 the capital investment programme and the world demand for Canadian exports tended to exert a lesser stimulus on economic development than in 1956. The change in the economic climate was reflected in more selective increases in demand over a wide range of consumer goods as well as a progressive slackening in the rate of inventory accumulation. The rise in government expenditures, particularly the pronounced growth in transfer payments, was an important factor in maintaining disposable personal income and a high level of overall spending. However, the transition during 1957 from a very rapid

rate of growth in all sectors of the economy to a more diverse pattern of development had a pronounced effect in a number of directions. There was a reduction in merchandise imports as the pressure on domestic sources of supply diminished. The upward trend in prices for final goods and services continued but a greater degree of flexibility became apparent in wholesale prices the general index of which levelled off. Easier conditions in the credit field during the latter part of the year brought about a sharp reversal in the trend of interest rates. In contrast to 1956 when there were labour shortages, new job opportunities in 1957 failed to keep pace with the growth in the labour force.

In 1957 aggregate demand exclusive of inventory changes rose by $2.1 billion compared with an increase of $3.9 billion in the previous year. Although consumer outlays reflected the more stable trend of economic activity during 1957, the demand from this source became relatively more important as a stimulus to production. The expansion in consumer outlays in 1957 absorbed roughly one-half of the increase in overall demand exclusive of inventory changes and this was a higher proportion than in 1956 when about one-third of the expansion in total final purchases were made by consumers.

In 1957 personal expenditures on consumer goods and services rose by $1,071 million or about 6 per cent and reached a level of $19.8 billion. The growth in consumer demand was fairly steady in 1957 but the rate of advance was quite moderate compared to the sharply rising trend throughout the previous year. At the end of 1957, consumer expenditures were about 4 per cent above the level twelve months earlier compared to a gain of 9 per cent at the end of 1956. Whereas in 1957 consumer expenditures on services rose more than in 1956, the increase in outlays on non-durable goods was less marked than in the previous

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
1. Personal expenditure on consumer goods and services	16,175	17,464	18,697	19,768
2. Government expenditure on goods and services	4,461	4,780	5,266	5,612
current expenditure	3,519	3,746	4,006	4,207
gross fixed capital formation	942	1,034	1,260	1,405
3. Business gross fixed capital formation[1]	4,779	5,210	6,774	7,389
new residential construction	1,227	1,378	1,526	1,424
new non-residential construction	1,671	1,848	2,589	3,233
new machinery and equipment	1,881	1,984	2,659	2,732
4. Value of physical change in inventories—total[2]	−130	281	815	142
non-farm business inventories	−40	102	545	243
farm inventories	−75	199	242	−152
grain in commercial channels	−15	−20	28	51
5. Exports of goods and services[3]	5,147	5,764	6,339	6,375
6. Imports of goods and services[3]	−5,574	−6,443	−7,697	−7,758
7. Residual error of estimate	13	14	−12	−85
8. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6+7)	**24,871**	**27,070**	**30,182**	**31,443**
9. Index of G.N.E. in Constant Dollars	100.0	108.8	116.9	116.7

[1] Includes private businesses and institutions, and publicly owned public utilities.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 7, Table 1).

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 10 and in "The Canadian Balance of International Payments, 1954 to 1957", Dominion Bureau of Statistics, to achieve consistency with the other component series.

year and purchases of durable goods remained substantially unchanged compared with the expansion of 5 per cent in 1956. Higher prices in 1956 accounted for only a small part of the 7 per cent expansion in consumer outlays. In 1957 prices for consumer goods and services advanced by almost 4 per cent or about twice as fast as in the preceding year and accounted for about two-thirds of the growth in consumer expenditures. The increase of about 2 per cent in real consumption did not keep pace with rising population and per capita real consumption declined slightly in contrast to per capita gains of 3 per cent in 1956 and 5 per cent in 1955.

Government expenditures on goods and services rose in the calendar year 1957 by $346 million or 7 per cent and reached a level of $5,612 million. Since there was a decline in defence expenditures of about 2 per cent the growth in outlays on goods and services for civilian purposes at all three levels of government was larger than the expansion in total expenditures and amounted to $378 million or 11 per cent. Capital expenditures at all three levels of government rose by 11 per cent in 1957 or faster than investment outlays in the private sector. The share of investment outlays in total government expenditures on goods and services has steadily increased in recent years and rose from about one-fifth in 1954 to about one-quarter in 1957.

In 1956 business capital investment and housing expenditures combined rose by 30 per cent and this extraordinary expansion exerted a dynamic influence on economic development. The momentum carried over into 1957 and capital expenditures reached a level of $7,389 million about 9 per cent above 1956. This gain of $615 million was substantial and accounted for about 30 per cent of the rise in total final demand. It is noteworthy, however, that investment outlays as a whole, after reaching a peak in early 1957, remained stable in the second and third quarter and became a sustaining force rather than a stimulus to further expansion. In the fourth quarter there was a decline of almost 2 per cent but capital expenditures did not fall below the level twelve months earlier. Within this total the major components showed differing trends. In the first half of 1957 business capital investment rose more than enough to offset declines in residential construction. In the second half of the year combined business expenditures for plant and equipment eased somewhat whereas outlays on housing made a strong recovery.

Expenditures on residential construction rose by about two-thirds in the four years since 1952 due to continuing high demand, increased capacity on the part of the building industry and special financial arrangements under the National Housing Act. The upward movement came to a halt in the middle of 1956. In the course of the next four quarters housing outlays declined steadily and this was mainly associated with a shortage of mortgage money. During 1957, the competition for loan funds from other investment outlets lessened and, more important, government funds were made available in the second half of the year on a large scale to augment loan funds supplied by private lending institutions. There were also legislative changes in late 1957 which had the effect of reducing down payments on houses financed under the NHA. These factors contributed to a substantial recovery in home-building and expenditures at the end of 1957 were slightly above the level a year earlier. This trend was reflected in the number of housing starts which on a seasonally adjusted basis rose from a rate of 86,000 at the beginning of 1957 to a record rate of 150,000 by the end of the year. Housing completions remained fairly constant during 1957 and the number of completed dwelling units amounted to 117,000 or 18,000 units less than in 1956. The rate of completions in 1957 remained in excess of net family formation. Despite the renewed strength in the latter part of the year, expenditures on new residential construction for 1957 as a whole were 7 per cent below the level in the preceding year.

Non-residential construction rose sharply during the first half of 1957 and continued to expand for the rest of the year but at a slower pace. For 1957 as a whole the increase amounted to $644 million or 25 per cent and this was the largest expansion in absolute terms of any post-war year except 1956 when outlays rose by $741 million or 40 per cent. In 1956 the pressure on supplies and manpower was most acute in industrial and commercial construction and prices in this sector rose by about 6 per cent. In 1957 the increase in prices was more moderate and amounted to about 3 per cent. Taking account of the price factor, the average annual rate of increase in the volume of non-residential construction amounted to 30 per cent for the years 1956 and 1957. This compares with an average annual rate of physical growth of 9 per cent for the period 1948 to 1955.

In 1956 expenditures on new machinery and equipment were 34 per cent higher than in 1955. Outlays reached a peak in the first quarter of 1957 and then began to decline. A substantial part of the decline in expenditures on machinery and equipment during the latter part of 1957 was reflected in a reduction of purchases from abroad and to this extent did not affect domestic production and employment. For the year as a whole outlays on machinery and equipment remained 3 per cent above the level in 1956. However, prices rose proportionately faster and the volume of investment fell by about 2 per cent.

In 1957 inventories continued to expand but the additional investment amounted to only $142 million compared with $815 million in 1956. The smaller growth in overall inventories in 1957 was partly due to an outright reduction in farm inventories and partly a result of the slower accumulation in stocks held by business. The net decline in farm inventories between 1956 and 1957 amounted to $371 million, mainly the result of the much lower grain crop in 1957. Business inventories increased at a progressively slower rate during 1957 and in the fourth quarter showed a moderate decline. During the twelve-month period beginning in the fourth quarter of 1956, the swing in business inventories from heavy accumulation to slight liquidation amounted to over $600 million. This decline represented an offset to demand equal to about 2 per cent of gross national expenditure. For 1957 as a whole, business inventory accumulation continued although the addition to demand was $302 million less than in 1956. The effect of the upward movement of prices on inventories was less pronounced in 1957 than in 1956. In volume terms business inventories expanded by about 3 per cent in 1957 compared with 7 per cent in 1956.

In 1956 the extremely rapid rise in imports together with the lesser but very substantial increase in exports resulted in a current account deficit of $1,358 million, about twice the level in the preceding year. In contrast both exports and imports of goods and services increased by less than one per cent in 1957 and there was little change in Canada's current account deficit on a year-over-year comparison.

Personal Income And Its Disposition

Personal income differs from national income in a number of ways although the components of these two totals are for the most part similar or identical. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income regardless of whether these receipts are earnings from production. For example, personal income includes only that part of corporation profits which is actually received by Canadian persons as dividends. On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations are part of personal income although they are not payments for services and, therefore, do not form part of national income.

In 1957 personal income increased by somewhat more than 5 per cent over 1956 and reached a record level of $23.1 billion. Although the gain of $1,184 million was smaller by about one-half than the increase of the previous year, personal income remained more buoyant than national income which rose by $780 million compared to the expansion of $2,371 million for the year 1956. Two factors in particular account for this difference. National income was affected by the decline in corporation profits in 1957 whereas personal income excludes this item but includes dividends paid to Canadian residents which rose by $22 million. Similarly, government transfer payments are only reflected in personal income and this item increased sharply in 1957. Government transfer payments which had risen only slightly in 1956 expanded by $318 million or 18 per cent in 1957. The growth in outlays was particularly pronounced in the second half of 1957 and in the fourth quarter transfer payments were about one-third higher than a year earlier. This sharply rising trend was instrumental in maintaining the level of personal income despite the decline in wage and salary payments in the latter part of 1957. Most of the increase in transfer payments took place at the federal level. To a substantial extent this was a reflection of the growth in unemployment insurance payments. Higher welfare payments brought about by legislative changes in the autumn of 1957 also had the effect of increasing disbursements.

TABLE 3

SOURCES OF PERSONAL INCOME

—	1954	1955	1956	Prelim. 1957
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income..	12,432	13,215	14,719	15,825
Deduct: Employer and employee contributions to social insurance and government pension funds	−422	−449	−490	−547
2. Military pay and allowances	367	394	424	476
3. Net income received by farm operators from farm production[1]	1,009	1,197	1,448	974
4. Net income of non-farm unincorporated business...	1,656	1,793	1,937	1,941
5. Interest, dividends and net rental income of persons[2]	1,719	1,911	2,125	2,358
6. Transfer payments to persons (excluding interest)				
(a) from government	1,634	1,731	1,765	2,083
(b) charitable contributions made by corporations	26	28	30	32
7. **Personal Income** (1+2+3+4+5+6)	**18,421**	**19,820**	**21,958**	**23,142**

[1] Excludes accrued earnings arising out of the operations of the Canadian Wheat Board.
[2] Includes all government debt interest paid to persons.

In 1957 Canadians spent about 85 cents of each dollar of income on consumer goods and services, somewhat more than 6 cents took the form of personal saving and slightly over 8 cents was paid out in direct taxes. Although reductions affecting the federal income tax were introduced in 1957, the changes which became effective during the calendar year had only a minor impact on tax receipts and the rise of $195 million or 13 per cent in collections from the personal income tax was directly related to the expansion of personal income. The growth in total personal direct tax revenue was slightly less, amounting to $187 million or 11 per cent, because the decline in yield from succession duties more than offset the increase from miscellaneous taxes.

After payment of direct taxes Canadians had $21.2 billion at their disposal for spending or saving during 1957. The gain in disposable income amounted to $997 million or 5 per cent. There was some change in the pattern of disposition of personal income for 1957. The growth in consumer expenditures was somewhat larger than the expansion in disposable personal income and as a

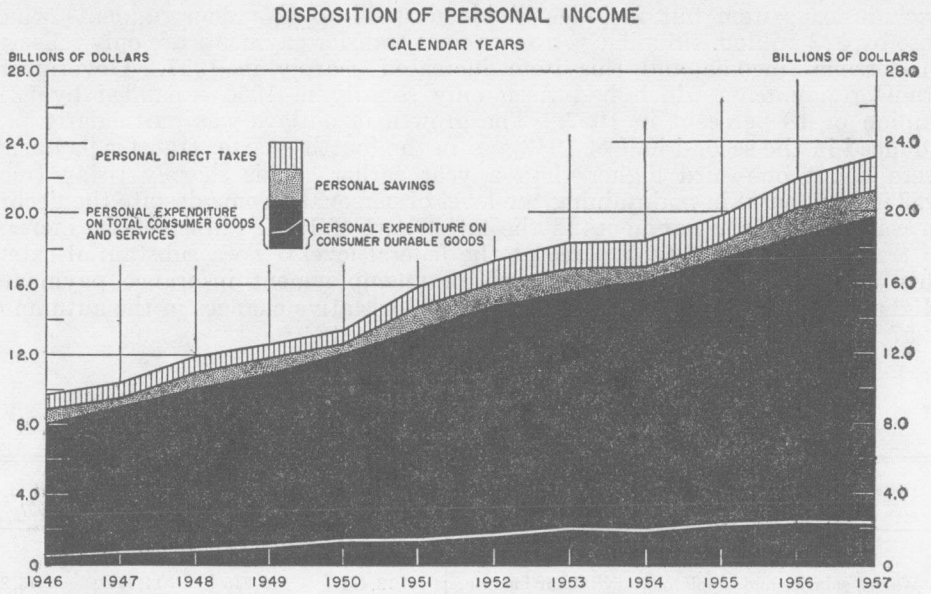


TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1954	1955	1956	Prelim. 1957
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	1,296	1,297	1,495	1,690
(b) succession duties	78	127	146	127
(c) miscellaneous taxes	63	67	79	90
Total direct taxes	1,437	1,491	1,720	1,907
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	8,373	8,879	9,552	10,021
(b) durable	1,970	2,284	2,406	2,414
Services	5,832	6,301	6,739	7,333
Total consumer expenditure	16,175	17,464	18,697	19,768
3. Personal saving—				
(a) personal saving excluding farm inventories	884	666	1,299	1,619
(b) change in farm inventories	−75	199	242	−152
Total personal saving	809	865	1,541	1,467
4. Personal Income (1+2+3)	**18,421**	**19,820**	**21,958**	**23,142**

result personal saving declined. This decline in saving arose mainly because of the poor grain crop which affected both income in the form of lower earnings and saving in the form of sharply reduced farm inventories. Exclusive of farm inventories (increases in which are to a large extent involuntary saving), personal saving actually rose by $320 million or 25 per cent in 1957. Personal saving exclusive of farm inventories constituted 7.6 per cent of disposable income in 1957 compared with 6.4 per cent in 1956.

The increase in consumer expenditures for 1957 was almost entirely confined to non-durable goods and services. Purchases of non-durable goods rose by $469 million or 5 per cent and reached a level of $10.0 billion. As in the previous year there was a rise in outlays on food, tobacco, gasoline and clothing and these products absorbed the greater part of the expansion in expenditures. The steady upward trend in outlays on services continued in 1957 and the increase of 9 per cent was somewhat larger than in each of the two preceding years. Expenditures on durable goods in 1957 remained just about stable. In contrast to 1956 when sales of motor cars were at record levels, there was a notable decline in demand for cars during 1957 and this tended to offset relatively modest increases elsewhere.

Source and Disposition of Saving

Saving may be divided into three parts. In addition to personal saving, which is discussed in the preceding section, there are business saving and government saving.

The nation's total saving rose by 14 per cent in 1955 and 29 per cent in 1956. In 1957 decreases in farm inventories, in undistributed corporation profits, and in the government surplus, more than offset higher saving arising in the other major categories so that the total fell by $156 million or 2½ per cent.

Government saving consists of the excess of revenues over expenditures for all three levels of government combined. In the calendar year 1957 the revenues of all governments exceeded expenditures by $52 million compared with a surplus of $379 million in 1956. These figures are calculated in accordance with National Accounts practice and the decrease in government saving between 1956 and 1957 reflects for the largest part the adjustment of federal receipts to place corporate tax revenue on an accrual basis. Excluding the effect of this adjustment, which has no fiscal significance, government saving actually amounted to $292 million in 1957 compared with $321 million in 1956. As in the previous year, the surplus arose in the federal accounts and this was offset in part by the excess of expenditures over revenues for all provincial and municipal governments combined.

The largest part of national saving arises in the form of funds set aside by business enterprises for internal uses. In 1957, the two principal items, depreciation allowances and undistributed profits, moved in opposite directions and business saving as a whole remained largely stable. Undistributed corporation profits declined by $209 million in 1957. The reduction of one-fifth in retained earnings reflected lower total profits after taxes and an increase in the amount paid out in dividends. As in all the previous post-war years, depreciation

TABLE 5

SOURCES OF SAVING

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Personal saving	809	865	1,541	1,467
Business gross saving—total	3,484	4,106	4,547	4,519
(*a*) Undistributed corporation profits	571	879	1,012	803
(*b*) Depreciation allowances	2,905	3,163	3,515	3,722
(*c*) Adjustment on grain transactions[1]	8	64	20	−6
Inventory valuation adjustment	86	−217	−260	−60
Adjusted government surplus (+) or deficit (−)[2]	−131	86	379	52
Residual error of estimate[3]	−13	−14	12	85
Total	4,235	4,826	6,219	6,063

[1] Accrued earnings arising out of operations of the Canadian Wheat Board.
[2] See Table 9.
[3] See Tables 1 and 2.

allowances, the other major component of business saving, showed the effect of rising investment in capital facilities and increased in 1957 by $207 million or 6 per cent to a total of $3,722 million. This component constituted 61 per cent of total national saving compared with 57 per cent in 1956.

The deficit on our international current account amounted to $1,383 million in 1957 or only slightly more than in 1956, and the share of foreign funds in the financing of domestic investment remained substantially unchanged. The excess of Canada's current payments over receipts was balanced by the inflow of capital and a slight reduction in Canada's reserves of foreign exchange. The value of direct investment remained at a high level, but capital inflows from security transactions were, as in the previous year, the most important source of external capital. These transactions are treated more fully in the section on the International Balance of Payments.

TABLE 6

DISPOSITION OF SAVING

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Business gross fixed capital formation	4,779	5,210	6,774	7,389
Value of physical change in inventories	−130	281	815	142
Surplus (+) or deficit (−) on current account with non-residents[1]	−427	−679	−1,358	−1,383
Residual error[2]	13	14	−12	−85
Total	4,235	4,826	6,219	6,063

[1] Minor adjustments have been made to the figures appearing in Table 10.
[2] See Tables 1 and 2.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1954	1955	1956	Prelim. 1957
	(Millions of Dollars)			
Corporation profits before taxes including dividends paid to non-residents[1]	2,290	2,884	3,246	3,009
Deduct: corporation income tax liabilities	−1,082	−1,280	−1,430	−1,320
Excess of tax liabilities over collections	−94	170	58	−240
Tax collections	1,176	1,110	1,372	1,560
Corporation profits after taxes	1,208	1,604	1,816	1,689
Deduct dividends paid out[2]	−637	−725	−804	−886
Undistributed corporation profits[3]	571	879	1,012	803

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.

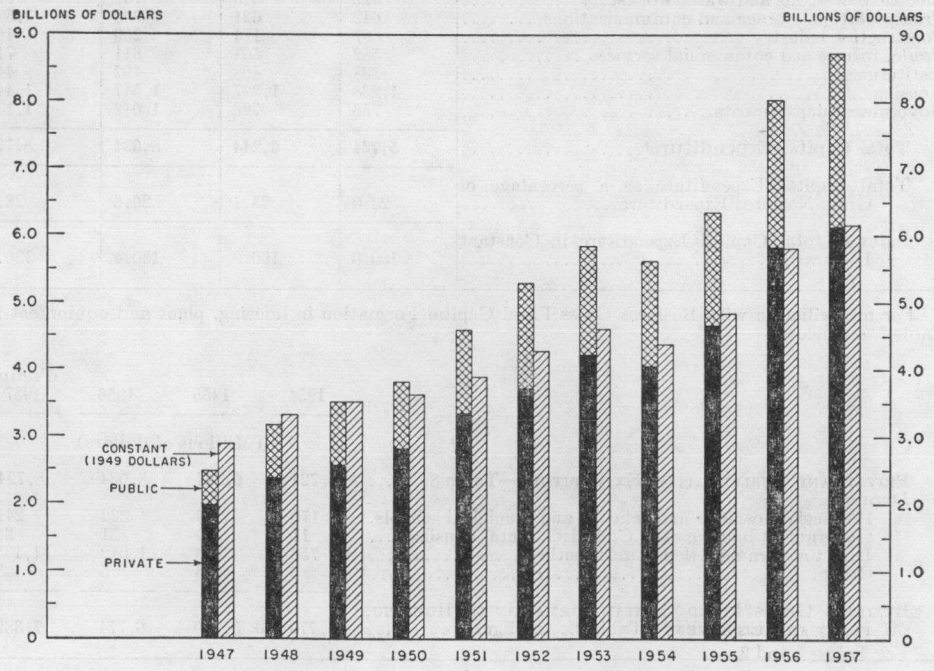
[2] Includes charitable contributions made by corporations (See Table 3).

[3] See Table 5.

Investment and Capital Expenditure

Investment expenditures in the public and private sectors combined reached a record level in 1957 and amounted to $8,794 million, an increase of $760 million over 1956. About nine-tenths of this expansion came about as a result of the rise in expenditures for construction. Capital outlays accounted for a greater proportion of gross national expenditure than in any other post-war year and constituted 28 per cent of the total, compared with 26.6 per cent in 1956 and about 23 per cent in each of the years 1955 and 1954. The value of capital investment put in place during 1957 actually exceeded the level of expenditures planned at the beginning of the year.

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



The Budget—Appendix

Notwithstanding the unprecedented level of capital spending, there was a significant change in the underlying factors determining the rate of capital development. Over a wide range of industries the very rapid expansion and modernization of facilities during recent years had been effective in raising productive capacity to a level more or less in line with existing or prospective demand. On the other hand, housing and social capital expenditures which in part had been held back due to shortages responded only gradually to the effect of easier conditions in the market for labour, materials and funds and the total for the year as a whole remained substantially unchanged from 1956. As a result capital expenditures in 1957 rose less rapidly than in 1956 and increased by 10 per cent compared with 29 per cent in the preceding year. In volume terms, capital investment expanded by 5 per cent, compared with 22 per cent in 1956.

In 1956 there were substantial increases in capital outlays in all major groups except for institutions. Development in 1957 showed a more diverse pattern and investment declined in agriculture, forestry, the construction industry and in housing.

TABLE 8

PRIVATE AND PUBLIC CAPITAL EXPENDITURE

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Agriculture and fishing	400	426	488	481
Forestry	46	63	76	43
Mining, quarrying and oil wells	278	336	542	585
Manufacturing	822	947	1,394	1,426
Electric power, gas and water works	522	515	769	962
Transportation, storage and communications	642	621	993	1,391
Construction industry	97	174	200	161
Trade, finance and commercial services	582	561	611	719
Institutions	338	408	402	443
Housing	1,238	1,397	1,547	1,448
Government departments	756	796	1,012	1,135
Total Capital Expenditure[1]	**5,721**	**6,244**	**8,034**	**8,794**
Total Capital Expenditure as a percentage of Gross National Expenditure	23.0	23.1	26.6	28.0
Index of total Capital Expenditure in Constant Dollars	100.0	106.9	130.4	136.9

[1] For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment in Table 2, see below.

	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
PRIVATE AND PUBLIC CAPITAL EXPENDITURE—Table 8	5,721	6,244	8,034	8,794
DEDUCT:				
Provincial hospitals and schools, and municipal schools.	170	213	222	241
Government housing excl. C.M.H.C. rental housing	11	19	21	24
Direct government department outlays	756	796	1,012	1,135
Other	5	6	5	5
BUSINESS GROSS FIXED CAPITAL FORMATION IN HOUSING, PLANT AND EQUIPMENT—Table 2	4,779	5,210	6,774	7,389

The largest expansion occurred in outlays by utilities. This sector absorbed only 27 per cent of total investment but contributed 78 per cent of the overall increase which took place in 1957. Expenditures rose by $591 million compared with $626 million in 1956. The pronounced and steady growth in this group reflects continued heavy requirements for power and transportation facilities. In addition the extension of gas pipelines and telephone networks accounted for significantly higher expenditures.

There was also a substantial rise in outlays by service establishments. Total expenditures increased by 18 per cent or about double the rate of expansion in the previous year. New investment by retailers more than offset a decline in expenditures by wholesalers and the increase of $55 million for the trade group as a whole was equal to more than one-half the expansion in the service sector.

Investment in manufacturing rose only modestly in contrast to the large increase in 1956. The growth of $32 million in expenditures was spread over a large number of industries. Whereas the raw material processing industries led the advance in 1956 outlays in this sector showed no further increases in 1957. Declines in the non-metallic mineral group and the wood products group more or less balanced increased expenditures in the petro-chemical field and the metal products group.

The level of investment in the primary sector remained stable. Outlays in mining continued to rise but the advance of $43 million was only about one-fifth the size of the increase in 1956. In forestry capital expenditures declined from $76 million in 1956 to $43 million in 1957.

In contrast to a modest decline in 1956 there was a rise in outlays by institutions in 1957 and investment increased by $41 million or 10 per cent. Outlays for schools increased by nearly $28 million or about 15 per cent while capital spending for university facilities expanded by $16 million or 62 per cent. As in the previous year expenditures on hospitals declined slightly. Investment by government departments rose by $123 million or 12 per cent and the level of capital expenditures in 1957 was about half as large again as in 1954. On a year-over-year comparison the largest absolute decline occurred in housing but, as outlined in the section on National Expenditure, home-building made a strong recovery in the second half of 1957 and outlays for residential construction at the end of the year were above the level twelve months previously.

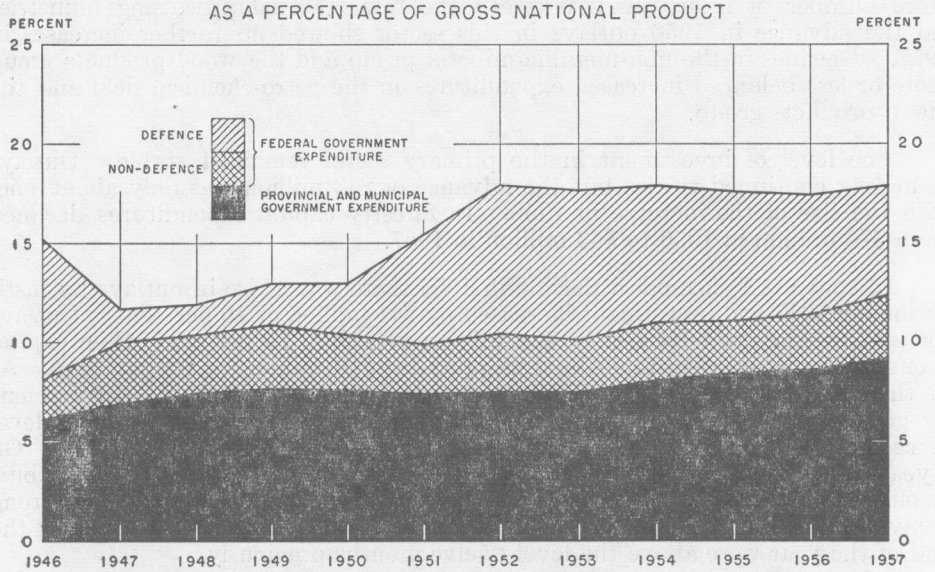
Revenue and Expenditure of All Governments

This section includes only those government transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here differ from those shown in the various public accounts. In particular, corporate taxes have been adjusted to an accrual basis. In the calendar year 1956 the adjustment was fairly moderate in size and increased revenues by $58 million. In 1957 the adjustment was much larger but reduced revenues by $240 million. Excluding the effect of this adjustment, which has no significance from a cash standpoint, the surplus for all levels of government combined was substantial in both years. The excess of revenues over expenditures amounted to $292 million in 1957 compared to $321 million in 1956. Compared with 1956, there was little change for the first three quarters of 1957 in the overall impact of budgetary operations on the nation's economy. In the fourth quarter of 1957, however, the shift in the federal surplus, declining both absolutely and relative to the level a year earlier, provided some offset to the slack in the private sector of the economy.

On the provincial and municipal level government expenditures increased by $400 million or 12 per cent while revenues rose by $441 million or 14 per cent and the deficit declined from $216 million in 1956 to $175 million in 1957. In the federal accounts, excluding the adjustment for the accrual of corporation taxes mentioned above, receipts increased by $238 million or 4 per cent and expenditures rose by $308 million or 6 per cent, so that the surplus fell by $70 million to a level of $467 million.

The economic effects of fiscal operations are not determined solely by revenues and expenditures. The expansionary or restrictive impact of governmental operations depends also on changes in loans and investments. In this sector, the net change in the federal accounts from the previous year was of significant proportions particularly in the latter part of 1957 and tended to exert a positive impact on economic activity.

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



For the calendar year 1957 government expenditures on goods and services rose by $346 million or about 7 per cent compared to an increase of $486 million or 10 per cent for 1956. The slower growth was almost entirely due to changes in the federal amounts. Defence expenditures declined by about 2 per cent from 1956 but remained somewhat above the level in each of the years 1955 and 1954. Non-defence outlays on goods and services rose by 9½ per cent in 1957 and this increase, while substantial, was considerably less than in the previous year. Whereas the level of defence expenditures fluctuated within a fairly narrow range in recent years federal outlays for other goods and services followed a steady upward trend. As a result, non-defence expenditures accounted for a growing share of total federal expenditures on goods and services, rising from 30 per cent in 1954 to 35 per cent in 1957. The pronounced upward movement in provincial and municipal outlays on goods and services continued in 1957 and expenditures increased by $295 million or 11 per cent above the level in the preceding year. In 1957 total expenditures on goods and services exclusive of defence at all three levels of government amounted to $3,844 million. Municipal governments accounted for the largest share or 45 per cent of the total compared with 30 per cent for provincial governments and 25 per cent for the Federal Government.

In recent years outlays at all three levels of government have risen rapidly and absorbed an increasing proportion of total final purchases of goods and services. The most striking expansion occurred in outlays of provincial governments which have risen by more than one-half since 1954. This trend in expenditures reflects to a large extent the heavy additions to capital facilities which were required due to the growth of population and as a result of the rapid rate of economic development. The substantial rise in wage and salary payments was also an important factor in bringing about the expansion of government outlays.

All levels of government contributed to the rapid growth of transfer payments in 1957. The advance of $230 million or 13 per cent in federal transfer payments was particularly notable in contrast to the moderate increase of one per cent in 1956 and 3 per cent in 1955. A substantial part of this expansion in 1957 came about as a result of legislative changes. Social security benefits were increased in 1957, including higher family allowances, old age pensions and veterans' pensions as well as more generous provisions for payments to the unemployed. The growth in the number of persons eligible to receive old age pensions and family allowances also had the effect, as in previous years, of bringing about higher disbursements. However, the major impetus underlying the rapid expansion of federal transfer payments was the rise in unemployment and the consequent increase in unemployment insurance payments. There were increases in benefits paid under provincially administered welfare programmes and this, together with the continued growth in grants to private non-commercial institutions, led to an expansion of disbursements by provinces and municipalities. Transfer payments of provincial and municipal governments were $106 million or 14 per cent higher than in 1956.

The Federal Government collects by far the largest part of direct tax revenues whereas receipts from indirect taxes are shared in roughly equal proportion with provincial and municipal governments. Federal revenues from the personal income tax rose by $191 million or 13 per cent in 1957 and reached a level of $1,652 million. The important element in the growth of income tax receipts was the continued expansion of personal incomes. Although reductions in the federal income tax were announced during 1957, these changes for the most part did not become effective until 1958, and as a result had little effect on revenues during the calendar year 1957. There was a further increase in receipts from the Quebec income tax and from miscellaneous taxes. Federal collections from succession duties declined by $19 million whereas provincial revenues from this source remained stable. Total personal direct tax revenues rose by 11 per cent to a level of $1,907 million and accounted for about one-fifth of total revenue at all three levels of government.

Excluding the effect of the adjustment to place the federal corporation tax on an accrual basis, federal revenues from this source rose by $51 million or 4 per cent in the calendar year 1957. This modest increase in yield represents a fairly marked change from 1956 when receipts from the corporation income tax advanced by $247 million or 24 per cent. The trend in federal receipts reflects to an important degree the effect of the entry of Ontario into the corporation income tax field in 1957. Federal revenues were reduced by a tax credit of 9 per cent on the 1957 income of Ontario corporations. The increase from 7 to 9 per cent in the tax credit on earnings of Quebec corporations had a similar though less substantial effect on federal receipts. The sharp rise in provincial collections from the corporation income tax was directly related to these changes.

The growth of $188 million in collections from indirect taxes at all three levels of government was less than half as large as the expansion in revenues from these sources in 1956. The explanation for this is found in the trend of federal receipts which rose very rapidly in 1956 but remained largely stable in 1957.

TABLE 9

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1954	1955	1956	Prelim. 1957
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	1,437	1,491	1,720	1,907
Income—				
Federal	1,277	1,269	1,461	1,652
Provincial and Municipal	19	28	34	38
Succession Duties—				
Federal	41	55	88	69
Provincial	37	72	58	58
Miscellaneous—				
Federal	1	1	1	1
Provincial and Municipal	62	66	78	89
Direct Taxes—Corporations	1,082	1,280	1,430	1,320
Income—				
Federal	1,018	1,218	1,353	1,106
Provincial	64	62	77	214
Other Direct Taxes—				
Withholding taxes—Federal	58	67	68	83
Indirect Taxes	3,033	3,317	3,722	3,910
Federal	1,612	1,744	1,972	1,990
Provincial and Municipal	1,421	1,573	1,750	1,920
Investment Income	687	742	819	824
Federal	234	267	315	268
Provincial and Municipal	453	475	504	556
Employer and Employee Contributions to Social Insurance and Government Pension Funds	422	449	490	547
Federal	287	310	347	376
Provincial and Municipal	135	139	143	171
Transfers from Other Governments—				
Provincial and Municipal	430	450	481	520
Total Revenue	**7,149**	**7,796**	**8,730**	**9,111**
Federal	4,528	4,931	5,605	5,545
Provincial and Municipal	2,621	2,865	3,125	3,566

TABLE 9—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

——	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	4,461	4,780	5,266	5,612
Federal—				
Defence	1,727	1,756	1,800	1,768
Non-defence	722	742	871	954
Provincial and Municipal	2,012	2,282	2,595	2,890
Transfer Payments	2,303	2,401	2,483	2,819
Federal	1,665	1,720	1,740	1,970
Provincial and Municipal	638	681	743	849
Subsidies	86	79	121	108
Federal	84	75	118	106
Provincial and Municipal	2	4	3	2
Transfers to Other Governments—				
Federal	430	450	481	520
Total Expenditure	7,280	7,710	8,351	9,059
Federal	4,628	4,743	5,010	5,318
Provincial and Municipal	2,652	2,967	3,341	3,741
Surplus (+) or Deficit (−)	**−131**	**+86**	**+379**	**+52**
Federal[1]	−100	+188	+595	+227
Provincial and Municipal	−31	−102	−216	−175
Total Expenditure plus surplus (or minus deficit)	**7,149**	**7,796**	**8,730**	**9,111**
Federal	4,528	4,931	5,605	5,545
Provincial and Municipal	2,621	2,865	3,125	3,566

[1] For reconciliation with Public Accounts Surplus or Deficit see below.

	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Federal Government calendar year surplus for national accounts purposes	−100	+188	+595	+227
Adjustments:				
Difference between calendar and fiscal year	+195	−11	−305	+73
Difference between corporation tax accruals and government receipts	+94	−170	−58	+240
Revenue items omitted	+79	+21	+37	+68
Reserves, write-offs and similar items omitted from expenditure	−145	−110	−137	−249
Shipment of military equipment to NATO countries less replacement	−5	+2	+22	+32
Extra-budgetary funds for pensions and social insurance (net)	−36	−30	−151	−69
Adjustment to place debt interest on a "due date" basis	+23	+7	+8	−12
Other adjustments	−59	−49	−44	−52
Federal surplus for fiscal year as per public accounts	+46 (1953–54)	−152 (1954–55)	−33 (1955–56)	+258 (1956–57)

Federal revenues from indirect taxes rose by 13 per cent in 1956 in contrast to the increase of one per cent in 1957. The decline in merchandise imports during 1957 led to a drop of $22 million or 4 per cent in customs duties. This decline was somewhat more than offset by further increases in sales and excise taxes but tax reductions and the more stable trend in consumer expenditures were instrumental in keeping the rise in revenues from these sources to relatively modest proportions. The upward trend in provincial and municipal revenues from indirect taxes continued in 1957 without much change and receipts rose by $170 million or 10 per cent above the level in 1956. There were increases of $13 million in receipts from retail sales taxes and of $46 million or 16 per cent from gasoline taxes. Receipts from natural resources rose slightly. Municipal revenues from the real property tax expanded by $74 million or 10 per cent in 1957.

Income from investment of provincial and municipal governments rose by $52 million or 10 per cent in 1957. There was a decline in income from this source in the federal accounts amounting to $47 million or 15 per cent, and this arose primarily because the deficit of the Canadian National Railways more than offset increases in other components of investment income.

BALANCE OF INTERNATIONAL PAYMENTS

Canada's international transactions in 1957 reflected the changing tempo of economic activity both at home and abroad. The value of merchandise exports continued to rise but the expansion of 1½ per cent over the previous year was considerably smaller than the increase of 12 per cent recorded in 1956. The slower growth came about in association with a downward trend of production in the United States and a less rapid rate of expansion in Europe. The change in merchandise imports was even more pronounced and the total actually declined by about 1½ per cent in contrast to the sharp increase of 22 per cent in 1956. This was related in large measure to the levelling out in expenditures for business capital investment in Canada. In 1957 export prices remained fairly stable, but import prices increased by 3 per cent so that the terms of trade, or the ratio of export prices to import prices, moved against Canada.

The increase in merchandise exports together with the decline in merchandise imports brought about a reduction in the imbalance on commodity trade and the deficit fell to $578 million or $156 million below the record level incurred in the preceding year. There was, however, an increase in the deficit on non-merchandise transactions, and this slightly more than offset the shift in the trade balance. As a result the deficit on current account was $11 million above that in 1956 and amounted to $1,383 million. Notwithstanding the relatively stable level of the current account deficit when comparing the average for 1956 and 1957, the underlying movement in merchandise exports and imports brought about a pronounced change in the trade deficit in the second half of 1957, and the excess of total payments over receipts declined very substantially. At the end of 1957, the current account deficit in terms of the seasonally adjusted annual rate amounted to $1,116 million.

In 1957 merchandise exports rose by $76 million over 1956 and reached a level of $4,909 million. Notwithstanding the moderate expansion in total sales abroad there were substantial increases in some exports including a threefold rise in the value of uranium shipments and an increase of 35 per cent in sales of petroleum. Other commodities such as iron and steel, nickel and beef cattle also showed important advances over 1956. However, a larger number of items than in the previous year showed the effect of a lessening in demand. The biggest drop occurred in sales of wheat and other grains and there were smaller but substantial declines in exports of lumber, copper and other products of the forestry and mineral industries.

TABLE 10

INTERNATIONAL PAYMENTS; CURRENT ACCOUNT

—	1954	1955	1956	Prelim. 1957
	(Millions of Dollars)			
CURRENT CREDITS—				
Merchandise exports (adjusted)[1]	3,929	4,332	4,833	4,909
Gold available for export	155	155	150	147
Travel expenditures	305	328	336	362
Interest and dividends	147	160	140	151
Freight and shipping	313	398	450	421
Inheritances and immigrants' funds	89	86	98	120
Other current receipts	298	391	430	385
Total Credits	5,236	5,850	6,437	6,495
CURRENT DEBITS—				
Merchandise imports (adjusted)	3,916	4,543	5,567	5,487
Travel expenditures	389	449	498	523
Interest and dividends	423	483	530	613
Freight and shipping	356	415	498	493
Inheritances and emigrants' funds	94	105	112	120
Other current payments	490	553	604	642
Total Debits	5,668	6,548	7,809	7,878
Net Balance on Current Account	−432	−698	−1,372	−1,383

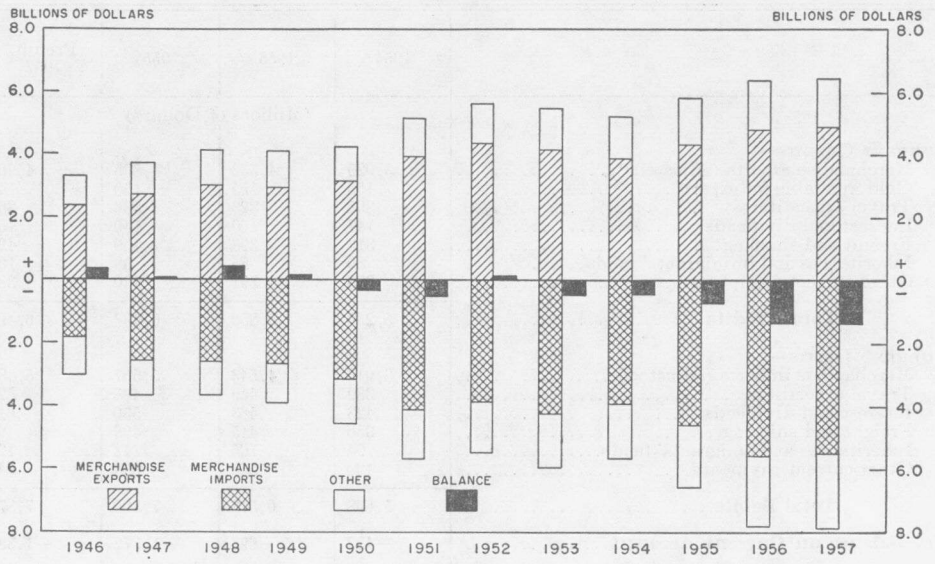
[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Between Canada and—				
United States	−807	−1,035	−1,640	−1,550
United Kingdom	+229	+330	+254	+144
Rest of the Sterling Area	+44	+60	+50	+9
Other OEEC Countries	+93	+24	+12	+43
Other Countries	+9	−77	−48	−29
All Countries	−432	−698	−1,372	−1,383

The value of merchandise imports fell from $5,567 million in 1956 to $5,487 million in 1957, a decline of $80 million or 1½ per cent. In volume terms the decline was actually larger since import prices rose by 3 per cent. While there were few significant changes in the value and composition of imports on a year-over-year comparison, the trends through 1957 were strikingly different from the movement in the previous year. In 1956 imports rose rapidly and on a seasonally adjusted basis reached a peak in the fourth quarter, whereas in 1957 there was some easing during the first nine months and this was followed by a sharp decline at the end of the year. In the fourth quarter of 1957 merchandise imports were about 10 per cent below the level in the same period of 1956. These changes were accompanied by a pronounced shift in the pattern of imports. Investment goods which had been the prime factor in the extraordinary growth of imports in 1956 became progressively less important and the substantial drop in requirements for machinery and equipment as well as industrial materials in the latter part of 1957 was instrumental in lowering the total level of purchases from abroad. Imports of consumer goods, on the other hand, were well sustained and there were further increases for some products.

BALANCE OF INTERNATIONAL PAYMENTS



The geographic pattern of Canada's external trade underwent moderate though significant changes in 1957. Compared with 1956, exports to the United States rose slightly while imports from that country declined materially. This decline in imports was related to the levelling off in capital investment, referred to above. Trade with the United Kingdom and other Commonwealth countries moved in the opposite direction with exports, particularly to the United Kingdom, substantially lower and imports significantly higher. Trade with Europe and Latin America increased in both directions. Trade with all other countries, taken together, followed a pattern similar to Canada's trade with the United States, exports rising and imports falling.

TABLE 11

INTERNATIONAL PAYMENTS; CAPITAL MOVEMENTS

—	1954	1955	1956	Prelim. 1957
	(Millions of dollars)			
Direct investment in Canada	+392	+417	+595	+525
Direct investment abroad	−81	−74	−110	−55
Canadian securities—				
Trade in outstanding issues	+63	−27	+207	+104
New issues	+331	+166	+681	+762
Retirements	−203	−184	−140	−152
Foreign securities	−24	−6	+12	+17
Official Loan Repayments	+72	+69	+69	+50
Canadian dollar holdings of foreigners	+34	+89	−26	−35
Official holdings of gold and foreign exchange (increase −)	−124	+44	−33	+105
Other capital movements	−28	+204	+117	+62
Net capital movement financing current account balance	+432	+698	+1,372	+1,383

Comparing 1957 with 1956, the trade deficit with the United States showed a decline; the surplus with the United Kingdom was reduced; the balance with other Commonwealth countries moved into deficit; and the trade surplus with all other countries showed an increase.

The deficit on non-merchandise transactions rose from $638 million in 1956 to $805 million in 1957, an increase of $167 million. The growth in the deficit came about mainly as a result of the rise of 7 per cent in total payments but also because of a decline of one per cent in total receipts. On the payments side all categories except freight and shipping showed an increase over 1956. Interest and dividend payments rose more than other items, and the increase in this group accounted for about one-half of the expansion in total non-merchandise expenditures. The major factor in bringing about the decline in total receipts was a reduction in expenditures by the United States Government on defence installations in Canada. There was also a decline in earnings from freight and shipping.

TABLE 12

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS
AS AT DECEMBER 31

—	1954	1955	1956	1957
	(Millions of U.S. Dollars)			
Exchange Fund Account and Bank of Canada—				
Gold	1,072.7	1,133.9	1,103.3	1,100.3
U.S. Dollars	833.4	692.0	798.0	691.5
Other Government of Canada Accounts	36.5	74.9	34.9	36.5
Total Gold and U.S. Dollars	1,942.6	1,900.8	1,936.2	1,828.3

The net inflow of capital into Canada in 1957 remained at an exceedingly high level although somewhat below the record inflow in 1956. As in the previous year, portfolio security transactions predominated and funds from these sources were equal to more than one-half the current account deficit. Although proceeds from new issues sold to non-residents rose by $81 million and reached a record level of $762 million, total inflows on portfolio account were slightly below the level in 1956 because of higher redemptions and reduced net sales to non-residents of outstanding Canadian issues. Whereas new borrowing abroad underwent a pronounced change during 1957 and declined sharply in the second half of the year, the movement of foreign capital to Canada for direct investment remained relatively stable throughout 1957 and the total amounted to $525 million, a higher level than in any other year except 1956. Net imports of capital, in all forms, financed about 92 per cent of the current account deficit and the balance was met by a moderate withdrawal from exchange reserves. At December 31, 1957, official reserves of gold and United States dollars, expressed in United States funds, amounted to $1,828 million compared with $1,936 million at December 31, 1956.

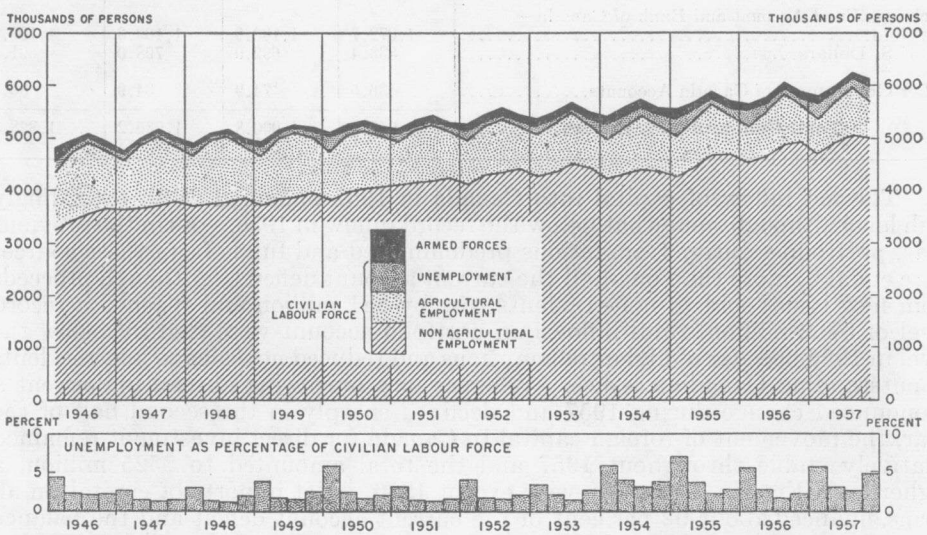
Throughout 1956 the exchange value of the Canadian dollar rose steadily and this upward trend continued until August, 1957, when the premium on the Canadian dollar reached a peak of over 6 per cent in terms of the United States dollar. Subsequently, the premium on the Canadian dollar declined. For December, 1957, the average rate of exchange for the United States dollar was 97.74 compared with 96.05 for December, 1956.

EMPLOYMENT AND EARNINGS

There were more persons with jobs in each month of 1957 than in the corresponding period of 1956, but in the fourth quarter of the year the gains became progressively smaller as employment began to show the effects of the levelling out in production. For 1957 as a whole the number of persons with jobs rose on the average by 135,000 or 2.4 per cent compared with increases of 3.7 per cent in 1956 and 2.6 per cent in 1955. A significant factor in 1957 was the extraordinarily large expansion in the labour force which rose by 3.7 per cent compared to 2.6 per cent in 1956 and 2.4 per cent in 1955. It is estimated that about 210,000 persons entered the labour market in 1957, some 63,000 more than during 1956. The faster rate of increase in 1957 came about partly as a result of the very high level of immigration, but also because of a further rise in the labour force participation rate as more housewives, older persons and others decided to take up work outside the home. Thus, conditions in the labour market, reflecting on the one hand the less favourable trend in employment opportunities and on the other hand an unusually large addition to the labour force, led to a substantial rise in unemployment during 1957.

The shift from rural to urban occupations which had been a notable feature in the pattern of employment during recent years continued in 1957 and about 28,000 persons left the agricultural industry. The drop of 3½ per cent in agricultural employment compares with a decrease of 5½ per cent in 1956 and 6 per cent in 1955.

THE LABOUR FORCE



During the first three quarters of 1957 the number of persons employed in non-agricultural occupations rose, on a seasonally adjusted basis, by almost 3 per cent over the level in the fourth quarter of 1956 while the volume of non-agricultural production remained largely unchanged. This difference in trends is less pronounced when account is taken of the decline in hours worked per week. None the less, it suggests that there occurred a decline in productivity compared to the situation in 1956 when the expansion of 7 per cent in output was accompanied by a rise of 5.4 per cent in employment. Productivity is affected by a wide variety of factors and these may combine at any one time to bring about a notable deviation from the long-run trend. Since overall economic activity

kept more or less stable during most of 1957 the adjustments in plant operations tended to lag behind the selective declines in demand which took place in a number of industries and this was reflected in less economic operations, including the use of proportionately more labour than earlier when output was closer to optimum levels. There was also a shift in the pattern of production in 1957 from industries using a large amount of fixed investment such as the resource-based industries to sectors which employ relatively more labour such as the service industries and this may have had a similar effect on the labour output ratio. These and other such factors ceased to have any further marked impact during the fourth quarter of 1957 when both production and employment in the non-agricultural sector moved in the same direction and declined.

Employment in the major commodity producing industries followed a similar trend and the number of persons with jobs at the end of 1957 was below peak levels reached four to twelve months earlier. The decline was most pronounced in the forestry industry whereas the level of employment in mining remained fairly stable in the fourth quarter of 1957. In the service sector employment continued to rise throughout 1957 but the increase was less marked than in the preceding year.

Throughout 1957 unemployment was higher than in the preceding year. For 1957 as a whole there were 254,000 persons without jobs and seeking work or 75,000 more than in 1956. Unemployment in 1957 accounted for the same proportion of the labour force as in 1954 when a post-war peak had been reached and averaged 4.3 per cent compared with 3.1 per cent in 1956. The low in unemployment occurred in June, 1957, when 162,000 persons were jobless, compared with 117,000 during the same period in 1956. From the third quarter to the end of 1957 unemployment just about doubled and there were 386,000 jobless persons in December compared with 186,000 a year earlier. On a seasonally adjusted basis unemployment rose throughout 1957. In the first

TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES

—	1954	1955	1956	Prelim. 1957
	(Thousands of persons)			
Civilian Labour Force	5,426	5,558	5,705	5,915
Male	4,207	4,299	4,372	4,495
Female	1,219	1,259	1,333	1,420
Non-Agricultural	4,547	4,734	4,927	5,163
Agricultural	879	824	778	752
Persons without jobs seeking work	232	230	179	254
Persons with jobs	5,194	5,328	5,526	5,661
In Non-Agricultural Industries	4,321	4,510	4,753	4,916
Paid Workers	3,802	3,996	4,237	4,382
Employers, own account workers and unpaid family workers	519	514	516	534
In Agriculture	873	818	773	745
Paid Workers	120	106	101	96
Employers, own account workers and unpaid family workers	753	712	672	649

quarter of 1958 the seasonally adjusted index of unemployment showed a further increase. However, the rate of increase was considerably less than in the fourth quarter of 1956. In April, 1958, unemployment began to decline but remained higher than in the previous year.

The steady upward movement which characterized the trend in labour income during recent years ceased in September, 1957. Wage and salary payments declined but in each successive month labour income remained above the level reached in the same period twelve months earlier. For 1957 as a whole there was a substantial expansion in labour income amounting to 7½ per cent. The number of paid workers rose by 140,000 or about 3 per cent in 1957 and average annual earnings per paid worker amounted to $3,534, an increase of $141 or 4 per cent over the previous year. Since it is estimated that average hours worked per week were somewhat lower than in 1956, there was obviously a pronounced increase in rates of pay. In manufacturing, for example, average hourly earnings rose by about 6 per cent compared with a 5 per cent increase in 1956. For the economy as a whole the rise in consumer prices provided an offset to most of the gain in per capita earnings and the improvement in real income for 1957 was slight compared to the advance of 4 per cent in 1956.

The increase in earnings in 1957 occurred in all the main industrial categories. Whereas wages and salaries paid in the service sector rose faster than labour income as a whole there was less buoyancy in the commodity producing industries. Finance and related groups led the way with an increase of 12 per cent. There was also a pronounced rise in salaries and wages paid by public utilities, transportation, communications, storage and trade and the total advanced by 9 per cent. In manufacturing the increase in labour income was substantial and amounted to 5 per cent. Earnings in construction and in the primary industries rose by more than 3 per cent.

MONETARY AND CREDIT DEVELOPMENTS

There were substantial changes in monetary and financial conditions in Canada in 1957. During the first part of the year the pressure of demand for money and credit continued to increase. Although the amounts of money that Canadians were willing to save and to lend continued to expand, the amounts wanted by borrowers rose even more rapidly. Competition in the market for loanable funds increased and interest rates rose.

During the latter part of the year there was a pronounced change in the balance between supply and demand in the market for borrowed money. As overall spending in the economy levelled off, conditions in the capital market became easier and in addition action by the Bank of Canada had the effect of improving the liquidity of the chartered banks. As a result of these and other factors interest rates which had reached a post-war peak in August, 1957, began to decline. The sharpest drop occurred in short-term rates. Three-month treasury bills fell from 4.08 per cent in August, 1957, to 1.54 per cent in May, 1958. Yields on medium-term government bonds were close to 5 per cent in August, 1957, and subsequently the three to five-year theoretical rate steadily declined to 3.13 per cent in May, 1958. The 15-year theoretical rate fell from about 4½ per cent in August, 1957, to 3.75 per cent in December and kept relatively stable in early 1958. During part of 1956 and in 1957 the yield on short-term and medium-term bonds was higher than on long-term bonds, but in early 1958 the situation was reversed.

Interest rates for provincial, municipal and industrial bonds also declined from the levels in the third quarter of 1957. The chartered banks prime commercial loan rate fell from a high of 5¾ per cent in 1957 to 5¼ per cent in early 1958. The Bank of Canada discount rate continued to be established on the basis of one-quarter per cent above the average tender rate for treasury bills. The Bank Rate declined from a peak of 4.33 per cent in August, 1957, to 1.79 per cent in May, 1958.

Monetary conditions in the United States began to ease somewhat later than in Canada and in the latter part of 1957 the spread between interest rates in the two countries narrowed. However, some widening took place again in the first part of 1958, particularly in long-term rates.

Net new bond issues by provinces, municipalities, corporations and institutions reached a peak in the second quarter of 1957 but the amount of new funds obtained in the market in the second half of 1957 was less than in the same period of 1956. For 1957 as a whole, net bond issues were $175 million higher than in the preceding year and reached a level of $1,725 million. Net new corporate stock issues, however, declined by $181 million in 1957 in contrast to the increase of $225 million in the previous year. As in 1956, the widening spread between interest rates in Canada and the United States made borrowing in the United States market attractive. For 1957 as a whole, a larger amount of new issues was sold to non-residents than in the preceding year, notwithstanding a substantial decline in issues sold abroad during the latter part of 1957 when the interest rate differential narrowed.

TABLE 14

YIELDS ON GOVERNMENT SECURITIES
CANADA AND THE UNITED STATES

	Long-Term Bonds (1)			3–5 year Bonds (2)			3 Month Treasury Bills (3)			Bank Rate	
	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.
1955—											
June	2.94	2.75	.19	2.24	2.38	−.14	1.34	1.51	−.17	1.50	1.75
September	3.14	2.88	.26	2.71	2.76	−.05	1.78	2.10	−.32	2.00	2.25
December	3.41	2.88	.53	3.43	2.83	.60	2.60	2.59	.01	2.75	2.50
1956—											
March	3.31	2.88	.43	3.23	2.81	.42	2.62	2.37	.25	2.75	2.50
June	3.42	2.86	.56	3.52	2.85	.67	2.67	2.58	.09	3.00	2.75
September	3.78	3.21	.57	3.94	3.48	.46	3.05	2.77	.28	3.25	3.00
December	3.97	3.35	.62	4.51	3.68	.83	3.59	3.27	.32	3.84	3.00
1957—											
March	4.01	3.24	.77	4.32	3.37	.95	3.73	3.24	.49	3.98	3.00
June	4.30	3.51	.79	4.75	3.68	1.07	3.79	3.26	.53	4.04	3.00
September	4.54	3.55	.99	4.95	3.91	1.04	4.00	3.58	.42	4.25	3.50
December	3.75	3.06	.69	3.93	3.09	.84	3.67	2.99	.68	3.92	3.00
1958—											
March	3.76	2.98	.78	3.53	2.53	1.00	2.42	1.53	.89	2.67	2.25
May	3.70	2.86	.84	3.13	2.26	.87	1.54	.93	.61	1.79	1.75

(1) Canada—15 year theoretical 15th of each month. U.S. 2½'s of 67–72. Wednesday nearest 15th.

(2) Canada—Average of 3–5 year theoreticals, 15th of each month. U.S.-Federal Reserve average of 3–5 year bonds, nearest mid-month.

(3) Average tender nearest 15th of month.

Although the banks were in a position to expand their lending activity in the latter part of 1957, the demand for bank loans levelled off and most of the increase in chartered bank assets remained in relatively liquid forms. Total assets increased by $483 million in the last five months of 1957 and more than one-half of this was reflected in the expansion of day-to-day loans and in purchases of government bonds.

General loans remained relatively stable during the last half of 1956 and for the first ten months of 1957 but declined in November and December below the level twelve months earlier. During 1957, the largest decrease occurred in loans to instalment finance companies. This was related to the markedly slower expansion of consumer credit in 1957. Loans for construction purposes also fell, reflecting a levelling off in the rate of activity in the building industry. These and other declines were partly offset by a higher level of lending to industrial concerns, to merchandizers and public utilities among others.

There were no significant changes in bank holdings of corporate and provincial and municipal securities in 1957. The addition to bank holdings of insured N.H.A. mortgages amounted to about $93 million and most of this expansion took place in the second half of 1957.

The public's holdings of currency, bank deposits and Government of Canada securities rose by $235 million in 1957 or considerably more than in the previous year. Holdings of currency and bank deposits increased by $308 million while

TABLE 15

CHARTERED BANK ASSETS

(month-end figures)

—	As at Dec. 31 1957	Changes [1]			
		Calendar Year		July 31 to Dec. 31	
		1956	1957	1956	1957
	(Millions of dollars)				
Bank of Canada notes and deposits	866	42	−16	77	71
Day-to-day loans	210	−7	136	−35	129
Treasury bills	805	313	65	−2	11
Sub-total	1,881	348	185	40	211
Government bonds	1,835	−957	44	−218	130
Call loans	191	−20	35	−30	20
Net foreign assets [2]	143	6	41	40	77
Total of foregoing assets	4,050	−623	305	−168	438
Canadian loans (other than day-to-day and call loans)	5,214	532	114	125	−42
Insured mortgages	586	199	93	81	77
Non-Government securities	962	−58	−8	−41	10
Total of above assets	10,812	50	504	−3	483

[1] To make the statistics for the different periods in this table comparable certain approximate adjustments have been made in calculating changes in loans and investments. The 1956 figures have been adjusted for the reclassification of foreign currency loans from Canadian loans to net foreign assets which was made in the returns of the banks to the Department of Finance, and the 1957 figures for the change in the allocation of inner reserves consequent upon the change in the method of valuing Government and provincial securities required in the returns of the banks to the Department of Finance.

[2] Total foreign currency assets less total foreign currency liabilities. Excludes foreign currency securities issued by Canadian borrowers.

holdings of Government of Canada securities fell by $73 million. This increase in the public's liquid assets occurred almost entirely as a consequence of activity in the banking system since there was approximate balance between the total budgetary and non-budgetary receipts and outlays of the Federal Government.

In 1957 the total amount of Federal Government direct and guaranteed securities outstanding declined by $69 million, the reduction of $177 million in market securities being partially offset by the increase of $108 million in Canada Savings Bonds. For the year as a whole there was a decrease of $151 million in the amount of this debt held in government accounts, a decrease of $73 million in the amount held by the general public and an increase of $154 million in the amount held in the banking system.

TABLE 16

GENERAL PUBLIC[1] HOLDINGS OF CURRENCY, BANK DEPOSITS, AND GOVERNMENT OF CANADA SECURITIES AS AT DECEMBER 31

—	1954	1955	1956	1957
	(Millions of dollars)			
Currency—notes and coin	1,458	1,550	1,605	1,667
Bank deposits—				
Deposits other than personal savings deposits (less float)	3,462	3,697	3,580	3,585[2]
Personal savings deposits	5,218	5,633	6,007	6,248[2]
Total bank deposits (less float)	8,680	9,330	9,587	9,833
Government Securities—(at par value)				
Market securities	6,538	6,536	6,225	6,045
Non-market securities	2,090	2,433	2,541	2,649
Total government securities	8,628	8,969	8,766	8,693
Total liquid assets	18,766	19,849	19,958	20,193

[1] Includes all holdings other than those of the banking system and the federal government and government accounts.

[2] Adjusted for reclassification at Sept. 30, 1957 of approximately $140 million of institutional and personal business accounts in returns to Dept. of Finance.

PRICE TRENDS

After several years of relative stability the consumer price index began to rise in mid-1956, and the upward movement continued throughout most of 1957. In December, 1957, consumer prices were 2.3 per cent higher than at the start of the year compared to an increase of 3 per cent during the same period in 1956. Whereas consumer prices followed a rising trend, the general index of wholesale prices reached a peak in January, 1957, and declined slowly during the succeeding ten months. Wholesale prices fell by 1.4 per cent in the course of 1957 in contrast to the rise of almost 3 per cent in each of the two preceding years.

The consumer price index rose steadily from 120.3 in January, 1957, to 123.4 in October. There were fractional declines in the next two months but the upward movement was resumed and the index reached a level of 125.2 in April, 1958. This was followed by a small decline in May, 1958, and the index stood at a level slightly more than 3 per cent higher than a year earlier. During 1957 the largest increase occurred in the cost of services which rose by over 4 per cent. All other major components of the index also followed an upward trend. The smallest increase, apart from seasonal movements, was in food prices, which

TABLE 17

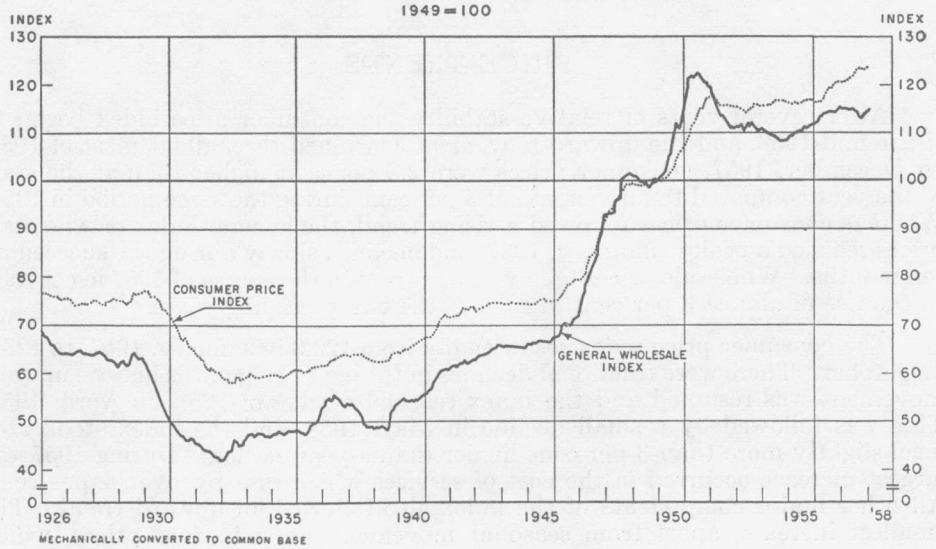
CONSUMER PRICE INDEXES

1949=100

—	Total	Food
1954	116.2	112.2
1955	116.4	112.1
1956	118.1	113.4
1957	121.9	118.6
1957—January	120.3	117.1
February	120.5	117.2
March	120.5	116.4
April	120.9	116.7
May	121.1	116.7
June	121.6	117.7
July	121.9	118.2
August	122.6	120.2
September	123.3	121.9
October	123.4	121.7
November	123.3	120.2
December	123.1	118.8
1958—January	123.4	119.4
February	123.7	119.9
March	124.3	121.3
April	125.2	123.4
May	125.1	122.7

in December, 1957, were 1½ per cent higher than at the beginning of the year. However, in early 1958 food prices provided the major impetus to the rise in the consumer price index. The food component rose by 3.9 per cent during the first four months of the year and in April, 1958, stood at a level 5.7 per cent higher than twelve months previously. This upward movement was in part attributable to the effects brought about by poor crop conditions in the United States. In May, 1958, the food index declined somewhat.

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES



The United States consumer price index, like the Canadian index, registered a further increase in 1957 and prices rose by nearly 3 per cent during the year. The upward trend continued in 1958. Food prices in the United States rose more rapidly than in Canada and in April, 1958, were nearly 7 per cent higher than in the same month of 1957.

The Canadian index of wholesale prices averaged somewhat higher for the year 1957 than for 1956, but this comparison hides the downward movement which prevailed during most of 1957. The index declined from a high of 229.2 in January, 1957, to a low of 224.1 in November. Increases in the next few months brought the index back to a level of 228.1 in March, 1958, approximately the same level as a year earlier. The rising trend mainly reflected the exceptional level of demand in the United States for Canadian cattle. In April, 1958, there was a small decline in the index of wholesale prices. During 1957 and early 1958 the broad categories of wholesale prices followed diverse trends. The most rapid decline occurred in prices of industrial materials, particularly non-ferrous metals, although some firming became apparent in early 1958. There was a substantial downward movement during 1957 in prices of raw materials but this was followed by increases in the first few months of 1958. The same trend prevailed for Canadian farm products. The recovery of prices in 1958 was notable and the index for farm products stood at 222.7 in April, 1958, about 6 per cent higher than twelve months earlier. Prices for building materials and manufactured products remained fairly stable during this period except for some easing in prices for residential building materials in the second half of 1957.

TABLE 18

WHOLESALE PRICE INDEXES

(1935-39=100)

—	General Wholesale Prices	Fully and Chiefly Manufactured Goods	Canadian Farm Products
1954	217.0	224.2	213.6
1955	218.9	224.5	212.6
1956	225.6	231.5	213.2
1957	227.4	237.9	209.2
1957—January	229.2	236.3	214.6
February	228.2	236.5	213.2
March	228.4	237.8	209.8
April	228.5	238.4	210.4
May	228.0	238.9	209.4
June	228.1	238.9	211.4
July	228.2	239.5	215.7
August	227.6	239.2	212.6
September	227.0	238.8	208.5
October	225.0	237.4	200.7
November	224.1	236.1	199.7
December	226.1	237.2	204.6
1958—January	226.8	237.7	208.4
February	227.7	238.4	214.0
March	228.1	238.3	220.6
April	227.9	238.5	222.7

NOTE: 1957 indexes are preliminary. The Canadian Farm Products index is fully revised only up to July 1956 and does not reflect final payments on all grains for subsequent months.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1957-58

TABLE OF CONTENTS

	PAGE
1. Introduction	1321
2. Highlights of governmental financial operations during 1957-58	1321
3. Budgetary accounts	1323
A. Revenues	1325
B. Expenditures	1332
4. Summary of assets and liabilities at March 31, 1958	1352
A. Changes in principal liability classifications during 1957-58	1352
B. Changes in principal asset classifications during 1957-58	1357
C. Increase in net debt	1364
5. The cash position	1365
6. The public debt	1367
7. Supplementary detailed tables	1373

PART II

REVIEW OF GOVERNMENT ACCOUNTS

1957–58

1. INTRODUCTION

The figures presented in this Part for the fiscal year 1957-58 are preliminary and subject to revision. The fiscal year of the Government ended on March 31 but the books must remain open for some time after that date to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1957-58. The final figures when they become available next August may vary to some extent from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1957-58

Budgetary transactions

Revenues of the government for the fiscal year ended March 31, 1958, amounted to $5,047 million. This was $97 million or about 2 per cent less than the forecast of $5,144 million given in the financial statement of December 6, 1957, and $59 million or one per cent less than the total of $5,106 million collected in 1956-57.

Expenditures amounted to $5,086 million and were $22 million or less than ½ of one per cent more than the December forecast of $5,064 million and $237 million or 5 per cent more than the total spent in 1956-57.

Expenditures in 1957-58 exceeded revenues and resulted in a budgetary deficit of $39 million compared with a December forecast of a surplus of $80 million and a surplus of $258 million in 1956-57.

On the revenue side of the government's budgetary operations collections have shown a decline from the previous year. Part of this was due to the reductions in taxes announced in the March, 1957 budget and in the financial statement of December 6, 1957, and part to the fact that the general level of activity and production in the economy has been somewhat less than that on which the forecasts had been based. Although receipts from corporation income tax, succession duties, and excise duties and taxes other than sales tax, and non-tax revenues exceeded expectations, these were more than offset by the amount by which collections of personal and non-resident income taxes, customs import duties and sales tax fell short of expectations.

On the expenditure side defence has again been the most significant feature in the government's programme. In 1957-58 defence expenditures amounted to $1,687 million, a decrease of $96 million or 5 per cent from the preceding year and represented 33 per cent of the government's total budgetary outlay. In 1956-57 defence expenditures amounted to $1,784 million and constituted 37 per cent of the total.

57071-3—84

The Budget—Appendix

Non-budgetary transactions

Although the budgetary deficit for 1957-58 was only $39 million, the government's bank balances at the end of the fiscal year were $164 million less than a year ago. This reduction was the net result of the budgetary deficit of $39 million, payments of $571 million for loans, investments and working capital advances and other non-budgetary disbursements offset by receipts of $447 million from repayments of loans and investments, annuity, insurance and pension accounts and other non-budgetary sources together with a reduction of $1 million in outstanding unmatured debt.

The following table summarizes the budgetary and non-budgetary transactions for the fiscal year and indicates how they, together with changes in the unmatured debt, affected the government's cash balances. For purposes of comparison, the corresponding figures for 1956-57 are also shown. In the section entitled "The Cash Position" a more detailed explanation of these transactions is given.

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1958 (Preliminary)		1957	
Budgetary transactions—				
Revenues	5,047		5,107	
Expenditures	−5,086		−4,849	
Surplus or deficit (−)		− 39		258
Non-budgetary transactions—				
Receipts and credits (excluding unmatured debt transactions)—				
Repayments of loans, investments and working capital advances	128		117	
Net government annuities account receipts	58		59	
Net insurance and pension account receipts	222		200	
Other non-budgetary receipts	39		236	
	447		*612*	
Disbursements and charges (excluding unmatured debt transactions)—				
Loans, investments and working capital advances	−345		−350	
Other non-budgetary disbursements	−226		− 96	
	−571		*−446*	
Net amount available from or required for (−) non-budgetary transactions		−124		166
Overall cash available for debt reduction or increase in cash balances				424
Overall cash requirement to be financed by an increase in debt or decrease in cash balances (−)		−163		
Net increase or decrease (−) in unmatured debt outstanding in the hands of the public		− 1		−522
Net increase or decrease (−) in Receiver General bank balances		−164		− 98

Old age security fund

Pension payments from the old age security fund amounted to $474 million in 1957-58 and tax receipts credited to the fund totalled $372 million, and the deficit of $102 million for the fiscal year was covered by a temporary loan by the Minister of Finance to the fund. During 1956-57 pension payments

amounted to $379 million and tax receipts credited to the fund to $371 million, resulting in an excess of pension payments over tax receipts of $8 million, of which $6 million was charged to expenditures in 1956-57 under the authority of a vote of parliament. Parliament will be asked to authorize writing off to expenditure in 1957-58 temporary loans of $104 million outstanding at March 31, 1958.

Debt transactions

During 1957-58, the government issued securities amounting to $2,527 million (excluding the refunding of treasury bills which mature periodically) and redeemed or converted issues in the amount of $2,650 million, resulting in a decrease of $123 million in unmatured debt. However, other liabilities increased by $165 million and consequently the government's gross public debt increased by $42 million to $18,368 million at March 31, 1958. During the fiscal year the government's net assets increased by $2 million to $7,320 million. As a result the government's net debt at March 31, 1958, was $11,048 million, the increase of $40 million reflecting the budgetary deficit for the fiscal year of $39 million plus adjustments of $1 million in respect of prior years' transactions.

Cash position

Receiver General bank balances were drawn down by $164 million during the fiscal year reflecting the cash requirements of $163 million for budgetary and non-budgetary transactions and of $1 million for the net reduction in outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts).

3. THE BUDGETARY ACCOUNTS

Total revenues, amounting to $5,047 million for 1957-58, were $59 million less than the total for the previous year. Total expenditures were $5,086 million, an increase of $237 million over the total for 1956-57. The deficit for the fiscal year was $39 million compared with a surplus of $258 million for the fiscal year ended March 31, 1957.

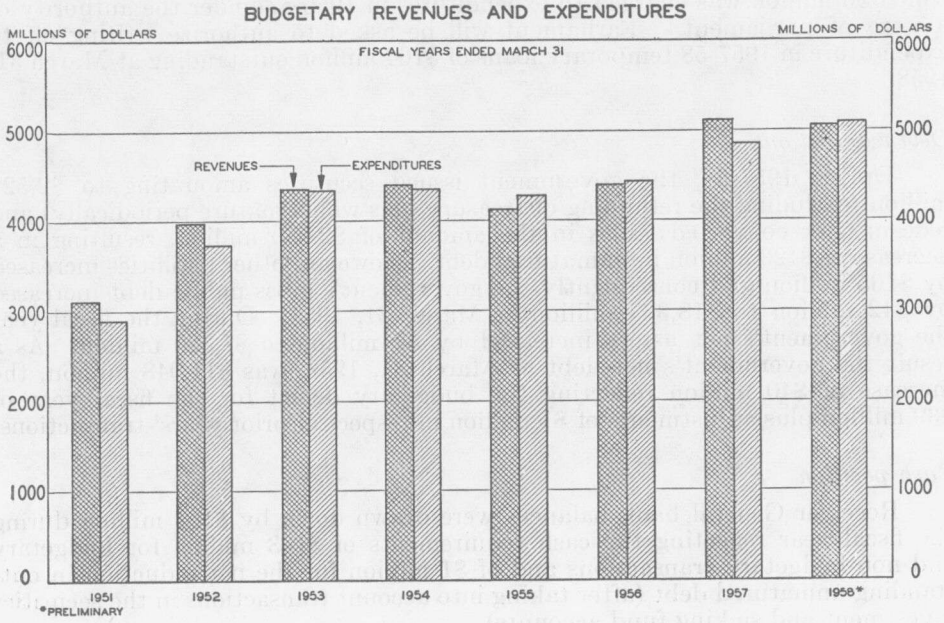
A summarized statement of the revenues and expenditures and deficit for the fiscal year ended March 31, 1958, with the figures for the fiscal years ended March 31, 1951 to 1957 inclusive, is given in the following table:

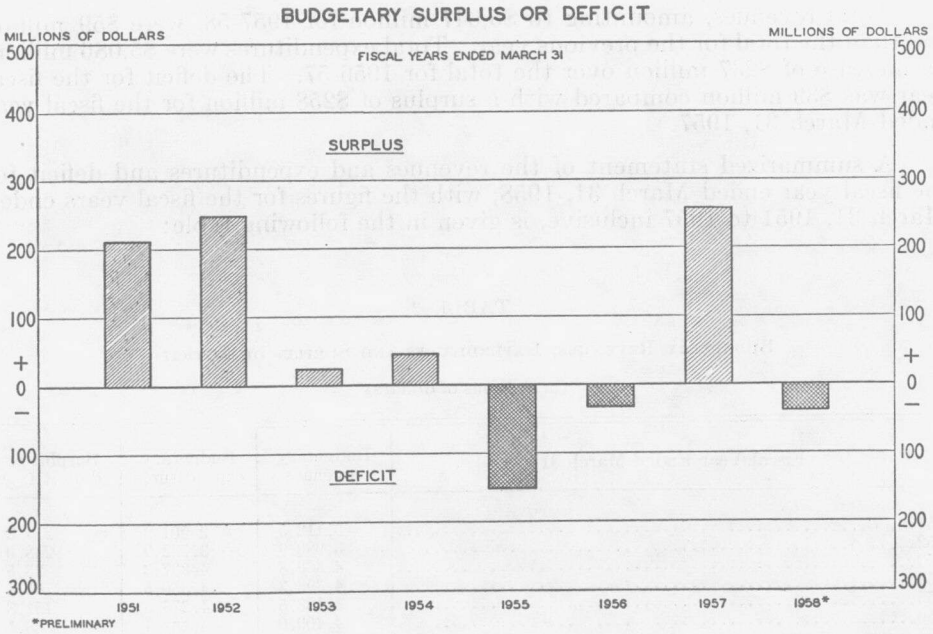
TABLE 2

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT

(in millions of dollars)

Fiscal Year Ended March 31	Budgetary revenues	Budgetary expenditures	Surplus or deficit (−)
1951	3,112.5	2,901.2	211.3
1952	3,980.9	3,732.9	248.0
1953	4,360.8	4,337.3	23.5
1954	4,396.3	4,350.5	45.8
1955	4,123.5	4,275.3	−151.8
1956	4,400.0	4,433.1	− 33.1
1957	5,106.5	4,849.0	257.5
1958 (Preliminary)	5,047.1	5,086.5	− 39.4


BUDGETARY REVENUES AND EXPENDITURES
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
REVENUES
EXPENDITURES
6000
5000
4000
3000
2000
1000
0
1951
1952
1953
1954
1955
1956
1957
1958*
*PRELIMINARY


BUDGETARY SURPLUS OR DEFICIT
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
SURPLUS
DEFICIT
500
400
300
200
100
+
0
—
100
200
300
1951
1952
1953
1954
1955
1956
1957
1958*
*PRELIMINARY

A. Revenues

Budgetary revenues amounted to $5,047 million in the fiscal year 1957-58. This was $59 million or one per cent less than in the previous year. Of the total for the year, $4,622 million or 92 per cent, was derived from taxes and $425 million or 8 per cent from non-tax revenues.

A statement of revenues for 1957-58 classified by major sources and the corresponding figures for 1956-57 is given in the following table:

TABLE 3

Budgetary Revenues by Major Sources

(in millions of dollars)

Source	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1958 (Preliminary)		1957			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal [1]	1,499.2	29.7	1,400.5	27.4	98.7	7.0
Corporation [1]	1,234.8	24.5	1,268.3	24.8	−33.5	−2.6
On dividends, interest, etc., going abroad	64.3	1.3	76.4	1.5	−12.1	−15.8
Excise taxes—						
Sales [1]	703.2	14.0	717.1	−14.0	−13.9	−1.9
Other	249.4	4.9	267.1	5.2	−17.7	−6.6
Customs import duties	498.1	9.9	549.1	10.8	−51.0	−9.3
Excise duties	300.1	5.9	271.4	5.3	28.7	10.6
Succession duties	71.6	1.4	79.7	1.6	− 8.1	−10.2
Other taxes	1.5	.....	18.3	0.4	−16.8	−91.8
	4,622.2	*91.6*	*4,647.9*	*91.0*	*−25.7*	*−0.6*
Non-tax revenues—						
Return on investments	169.5	3.4	206.6	4.0	−37.1	−18.0
Post office	152.9	3.0	145.8	2.9	7.1	4.9
Other non-tax revenues	102.5	2.0	106.2	2.1	− 3.7	−3.5
	424.9	*8.4*	*458.6*	*9.0*	*−33.7*	*−7.3*
Total revenues	5,047.1	100.0	5,106.5	100.0	−59.4	−1.2

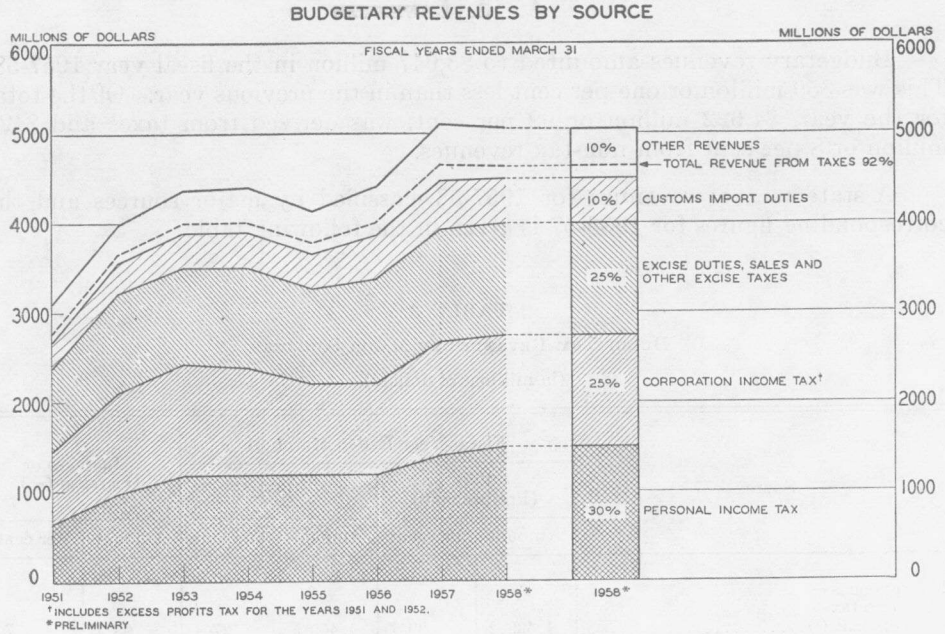
	1957-58	1956-57
[1] Excluding tax credited to the old age security fund—		
2% personal income tax	135.0	125.0
2% corporation income tax	60.7	67.3
2% sales tax	175.8	179.3
	371.5	371.6

(1) Tax revenues

Tax on personal incomes

The personal income tax in 1957-58 was again the largest source of government revenue. The yield for the year (excluding the old age security tax) was $1,499 million. This was $99 million, or 7 per cent more than in the previous year. This increase was due to the rise in the total of personal incomes that took place in 1957.

BUDGETARY REVENUES BY SOURCE



In addition the 2 per cent tax on personal incomes levied under the Old Age Security Act totalled $135 million during 1957-58 compared with $125 million in 1956-57. The maximum tax is $60 per person. This revenue was credited to the old age security fund.

Corporation income tax

Corporation income tax was the second largest revenue producer in 1957-58. Collections (excluding the old age security tax) were $1,235 million, a decrease of $33 million from the previous year. This decrease was due to lower profits in 1957 and the re-entry of the Province of Ontario into the corporation income tax field. These influences were offset in part by substantial receipts early in the year on account of high 1956 profits.

In addition the 2 per cent tax on income of corporations under the Old Age Security Act yielded $61 million during 1957-58 compared with $67 million collected from this source in 1956-57. These collections were credited to the old age security fund.

Taxes on interest, dividends, rents and royalties going abroad

Revenue under this heading is derived from taxes withheld on payments of interest, dividends, rents, royalties, alimony and income from estates and trusts made to non-residents. The total of $64 million for 1957-58 was $12 million less than in the previous year reflecting lower corporate profits in 1957 and the fact that refunds adjusting overpayments in previous years were larger than usual.

Excise taxes

Included under this heading are the revenues from the general sales tax and the special excise taxes levied on a wide range of manufactured products. Total net collections for the year were $953 million a decrease of $32 million or 3 per cent from 1956-57.

The sales tax, which from a revenue standpoint is the most important tax levied under the Excise Tax Act, yielded a net revenue of $703 million in the year (excluding the 2 per cent old age security sales tax). This was $14 million or 2 per cent less than in the previous year reflecting the changes announced in the March 1957 Budget which exempted a number of commodities from this tax.

Excise taxes other than the general sales tax yielded approximately $250 million, or $18 million less than in 1956-57. This decrease was due mainly to tax changes. The repeal of the tax on candy and chewing gum in March 1957 resulted in a reduction of revenue for the year of $9 million and the repeal of the tax on soft drinks at the same time reduced revenue by $8 million. The reduction in the tax on automobiles from 10 per cent to 7½ per cent on December 6, 1957, resulted in revenue from this source declining $7 million. In addition lower sales of television sets caused the revenue from the tax on this item to decline by $2 million.

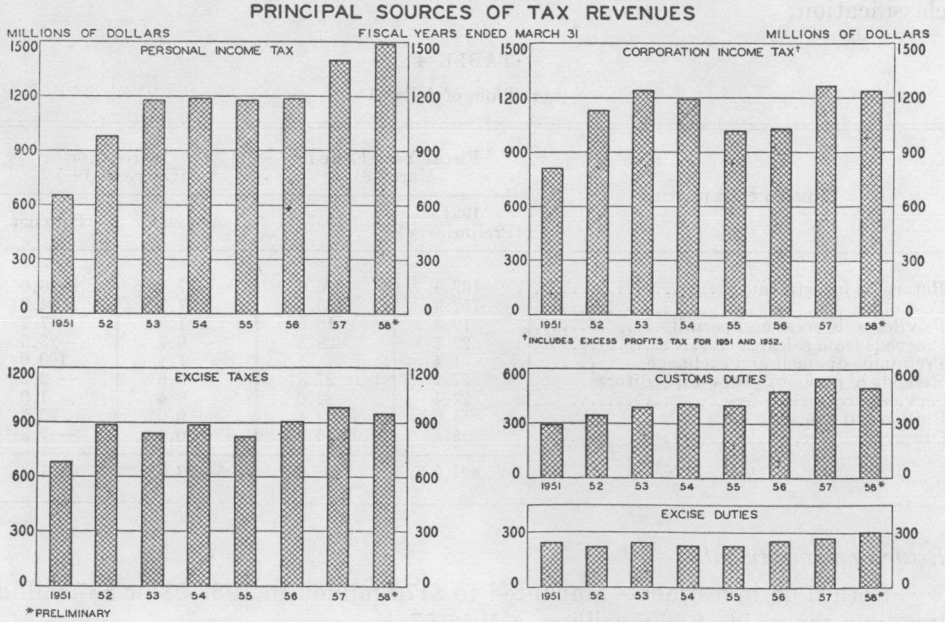
These declines were partly offset by an increase of $10 million from the taxes on tobacco products. The revenues from the taxes on jewellery, matches, lighters, toilet preparations, wines and sundry commodities showed little change from the previous year.

The 2 per cent tax on sales levied under the Old Age Security Act and credited to the old age security fund yielded $176 million in 1957-58 compared with $179 million in the previous year.

Customs import duties

Revenue from customs import duties was $498 million, a decrease of $51 million or 9 per cent from 1956-57. This decrease in revenue reflected the decrease in the volume and value of imports during the year.

PRINCIPAL SOURCES OF TAX REVENUES



Excise duties

Excise duties are levied exclusively on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act referred to above.) The revenue from excise duties for the year was $300 million, an increase of $29 million or 11 per cent over the previous year. The collections from the taxes on alcoholic beverages, before deducting refunds, were $172 million, an increase of $18 million over the previous year. The gross receipts from the taxes on tobacco products amounted to $132 million, an increase of $11 million.

Succession duties

Revenue from succession duties totalled $72 million in 1957-58, a decrease of $8 million from the previous year. The revenue from this source for the year as well as for the previous year was substantially affected by collections from two unusually large estates.

Other taxes

The principal source of revenue under this heading in the previous year was the tax on the premium income of insurance companies amounting to $17 million. In 1957-58 the federal government withdrew from the premium tax field in favour of the provinces. Small amounts of revenue were received from the special taxes on the export of electrical energy from Canada and the tax on the export of furs from the Northwest Territories.

(2) NON-TAX REVENUES

Non-tax revenues for 1957-58 amounted to $425 million, $34 million less than the 1956-57 total of $459 million. The following table presents a comparative summary of these revenues for the two fiscal years by principal classification:

TABLE 4

(in millions of dollars)

Non-Tax Revenues	Fiscal Year Ended March 31		Increase or Decrease (−)	
	1958 (Preliminary)	1957	Amount	Per cent
Return on investments	169.5	206.6	−37.1	−18.0
Post office	152.9	145.8	7.1	4.9
Privileges, licences and permits	19.3	18.0	1.3	7.2
Proceeds from sales	22.1	28.8	− 6.7	−23.3
Premium, discount and exchange	1.4	.....	1.4	100.0
Refunds of previous years' expenditures	27.2	27.8	− 0.6	− 2.2
Services and service fees	22.4	22.0	0.4	1.8
Bullion and coinage	5.0	4.1	0.9	22.0
Other	5.1	5.5	− 0.4	− 7.3
	424.9	458.6	−33.7	− 7.3

Return on investments

Return on investments amounted to $170 million in 1957-58 or $37 million less than the yield of $207 million in 1956-57.

Payments from Crown corporations were $114 million or $39 million less than similar payments of $153 million received in 1956-57. A large part of this decrease was due to receipts from the Bank of Canada and reflects an increase of $21 million in the Bank's profits transferred to the Receiver General for 1957 over those for 1956 more than offset by the non-recurring payment of $43 million in 1956 on inner investment reserves set aside out of past years' profits, which were no longer required when the Bank adopted amortized values as the basis for valuing its holdings of securities. Most of the remainder of the decrease was due to a reduction of $18 million in receipts from the Canadian National Railways, as there were no profits of the Company in 1957 to be transferred to the Receiver General.

Receipts from other loans and investments were $55 million, or $2 million more than similar receipts in 1956-57. Increases of $6 million in exchange fund profits and $1 million in sinking fund and other investments held for retirement of unmatured debt were nearly offset by decreases of $3 million in the earnings of the securities investment account, $1 million in receipts from interest-bearing balances with chartered banks and $1 million in interest payments from other national governments.

A comparative summary of the receipts for 1957-58 and the previous year is given in the following table:

TABLE 5

(in millions of dollars)

Return on Investments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Loans to, and investments in, Crown corporations—			
Bank of Canada—			
Profits	68.7	47.3	21.4
Inner investment reserves	.....	42.6	−42.6
Canadian Arsenals	.....	0.9	−0.9
Canadian Farm Loan Board	1.6	1.6	.....
Canadian National Railways	12.5	30.8	−18.3
Central Mortgage and Housing Corporation	18.2	17.5	0.7
Eldorado Mining and Refining Limited	3.5	.....	3.5
National Harbours Board	3.4	3.2	0.2
Northern Ontario Pipe Line Crown Corporation	0.6	0.9	−0.3
Polymer Corporation Limited	4.0	6.0	−2.0
Miscellaneous	1.6	2.4	−0.8
	114.1	*153.2*	*−39.1*
Other loans and investments—			
United Kingdom	0.4	.....	0.4
Other national governments	9.7	10.3	−0.6
Provincial governments	0.9	1.0	−0.1
Soldier and general land settlement loans and Veterans Land Act advances	5.0	4.8	0.2
Exchange fund account	22.9	17.4	5.5
Securities investment account	1.7	5.2	−3.5
Sinking fund and other investments held for retirement of unmatured debt	5.8	5.0	0.8
Interest-bearing balances with chartered banks	5.3	6.3	−1.0
Miscellaneous	3.7	3.4	0.3
	55.4	*53.4*	*2.0*
	169.5	206.6	−37.1

Post Office

Net post office receipts credited to budgetary revenues in 1957-58 totalled $153 million or $7 million more than in 1956–57. Gross receipts were $177 million but authorized disbursements from revenues for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., amounted to $24 million. Last year, gross receipts amounted to $168 million and authorized disbursements totalled $22 million.

As costs of operating the post office during 1957–58 (excluding the $24 million charged to revenues) were $153 million, net costs and net revenue were the same for 1957-58. However, in making this comparison, it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Privileges, licences and permits

Revenues of $19 million were received during the fiscal year on account of privileges, licences and permits compared with $18 million received last year. Included in the total for the current fiscal year was approximately $8 million for collections by the Department of Transport, mainly on account of aircraft landing fees, rentals of hangar accommodation, and other miscellaneous rental charges.

Proceeds from sales

Receipts from proceeds from sales were $22 million for 1957–58 or about $7 million less than the total received in 1956–57. This amount included $7 million from Crown Assets Disposal Corporation representing amounts realized from the disposal of surplus Crown assets (after deducting certain agency fees and transfers), $4 million under agreements of sale, and $5 million from Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties, including depreciation provisions set aside by the Corporation in previous years on properties that have now been sold.

Premium, discount and exchange

Premium, discount and exchange transactions in the current fiscal year resulted in a net credit of $1 million to revenues compared with a net charge of $1 million to expenditures in the previous fiscal year.

Refunds of previous years' expenditures

Refunds in the current fiscal year of expenditures made in prior years totalled $27 million compared with $28 million received last year. A large part of these refunds arose from previous years' expenditures by the Department of National Defence on contracts with the United States Government for the supply of engines, aircraft and other defence equipment. The arrangement is that when Canada places contracts with the Government of the United States, payments of the estimated costs are made to the United States Treasury. If these esti-

mated costs are revised, or if there are reductions in the contracts, the United States Government refunds the overpayments. Refunds arising from this source totalled $14 million in 1957–58; in 1956–57 the total was $7 million.

Services and service fees

Sums totalling $22 million were collected during 1957–58 by various government departments for services and service fees, about the same as the amounts collected during 1956–57. The total of $22 million included $6 million received by the Department of Trade and Commerce, mainly for services in connection with the inspection, weighing, storage and elevation of grain and for electricity, gas and weights and measures inspection services; $7 million received by the Royal Canadian Mounted Police, mainly for police services to provinces and municipalities; and $3 million received by the Department of Transport, chiefly for wharfage and other canal and marine service fees, steamship inspection, air-ground radio at airports, and government telegraph and telephone services.

Bullion and coinage

Revenue under this heading arose out of the operations of the Royal Canadian Mint and included assaying, refining and handling charges and the net gain on coinage and refining operations. The amount credited to bullion and coinage revenue for 1957–58 was $5 million, $1 million more than in the previous year.

Other non-tax revenues

Other non-tax revenues amounted to $5 million, about the same as was received in 1956–57.

(3) COMPARISON OF ACTUAL REVENUE WITH FORECAST

The forecast of revenues for 1957-58 made in the Budget Speech of March 14, 1957, was modified by tax changes announced in the Financial Statement made on December 6, 1957. In this Financial Statement the Minister of Finance stated that it was expected, on the basis of eight months collections, that revenues for the year from some sources would exceed the amount forecast in the March Budget Speech while other revenues would fall below this forecast but in total the revenue for the year would fall below the forecast in March only by the amount attributable to the tax reductions announced in the Financial Statement.

Revenue collections up to the end of the calendar year were quite close to expectations, but during the final quarter of the fiscal year they began to reflect more markedly the effects of the recession. This, together with the fact that during the final quarter refunds of previous overpayments of tax were higher than expected, resulted in total budgetary revenues being $97 million, or about 2 per cent, less than the December forecast. Although revenues from several sources exceeded the forecast by small amounts these were more than offset by the amount by which revenues from customs duties, personal and non-resident income tax and sales tax fell below the forecast.

The following table shows the extent to which revenues for 1957-58 differ from the forecast for the year as modified by the December Financial Statement:

57071-3—85½

TABLE 6

COMPARISON OF FORECASTS WITH ACTUAL REVENUES FOR FISCAL YEAR ENDED MARCH 31, 1958

(in millions of dollars)

SOURCE OF REVENUES	Revenue Forecasts		Actual Revenues (Preliminary)	Increase or Decrease (−) compared with Dec. 6, 1957 Forecast	
	Mar. 14, 1957 Budget	Dec. 6, 1957 Financial Statement		Amount	Per cent
Personal income tax	1,560.0	1,543.0	1,499.2	−43.8	− 2.8
Non-resident income tax	80.0	80.0	64.3	−15.7	−19.6
Corporation income tax	1,200.0	1,199.0	1,234.8	35.8	3.0
Succession duties	59.4	59.4	71.6	12.2	20.5
Customs import duties	590.0	590.0	498.1	−91.9	−15.6
Sales tax (net)	751.4	751.4	703.2	−48.2	− 6.4
Excise duties and excise taxes other than sales tax	537.2	529.2	549.5	20.3	3.8
Miscellaneous taxes	2.0	2.0	1.5	− 0.5	−25.0
Total tax revenues	4,780.0	4,754.0	4,622.2	−131.8	− 2.8
Non-tax revenues	390.0	390.0	424.9	34.9	8.9
Total budgetary revenues	5,170.0	5,144.0	5,047.1	−96.9	− 1.9

The revenue from the personal income tax was $44 million below forecast. This occurred because the extra collections in January based on year-end bonuses were below expectations and the level of taxable personal incomes in the final four months of the fiscal year declined more than was foreseen.

The revenue from the tax on income going to non-residents fell below the forecast because dividend payments going abroad were not as high as expected and because some large refunds had to be made toward the end of the year to adjust overpayments of tax in previous years.

The revenue from the corporation income tax exceeded the forecast despite the fact that corporation profits for the year were not as high as expected. This occurred because the payments made in the year to complete payment of taxes due on high 1956 profits were substantially in excess of what was anticipated.

The revenue from succession duties has been substantially influenced in the last three years by duties payable on two exceptionally large estates and actual revenues in each year have varied from the forecasts because of the difficulty of foreseeing exactly when the duties on these estates would be paid.

The revenue from customs duties was $92 million less than forecast. The decline in imports appears to have been more pronounced in commodities bearing higher rates of duty than in those coming in free of duty or at the lower rates.

The extent to which the revenue from the sales tax fell below the forecast is a reflection of the extent to which commodity sales fell below expectations.

Revenues from excise duties and other excise taxes exceeded the forecast largely because sales of alcoholic beverages and tobacco products showed a greater buoyancy than expected.

Non-tax revenues were $35 million above the forecast. A large part of this was due to larger than expected Bank of Canada profits.

B. EXPENDITURES

Budgetary expenditures for 1957-58 amounted to $5,086 million, an increase of $237 million over the 1956-57 total of $4,849 million.

A comparative summary of expenditures by departments and principal purposes for the fiscal year 1957-58 and the preceding year is given in the following table:

TABLE 7

STATEMENT OF BUDGETARY EXPENDITURES BY DEPARTMENTS AND MAJOR CLASSIFICATIONS

(in millions of dollars)

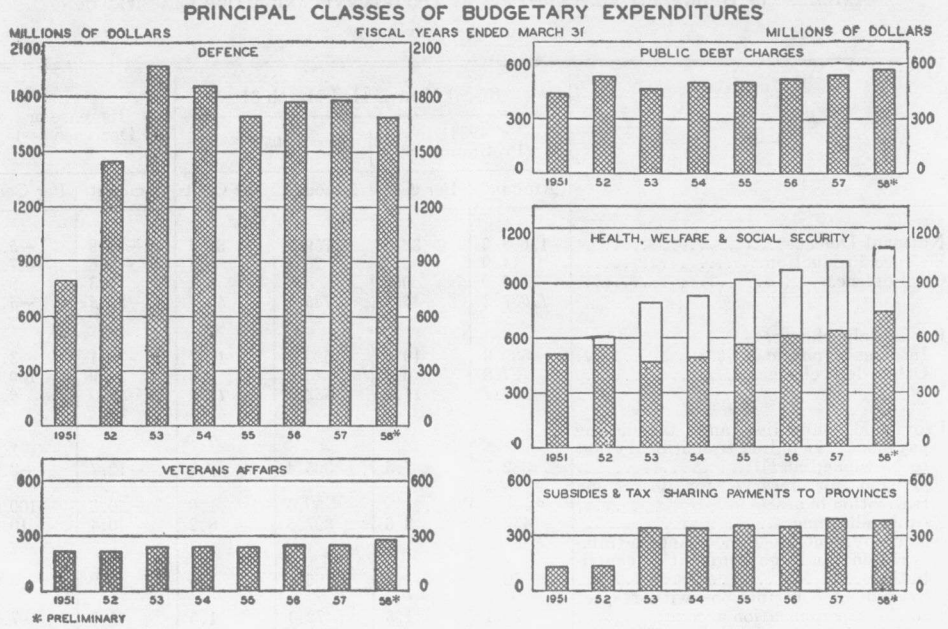
—	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1958 (Preliminary)		1957			
	Amount	Per cent	Amount	Per Cent	Amount	Per Cent
National Defence	1,668.5	32.8	1,759.4	36.3	−90.9	−5.2
Defence Production	14.9	0.3	20.5	0.4	−5.6	−27.3
Civil defence	4.0	0.1	3.7	0.1	0.3	8.1
	1,687.4	*33.2*	*1,783.6*	*36.8*	*−96.2*	*−5.4*
Public debt charges—						
Interest on public debt	539.3	10.6	520.2	10.7	19.1	3.7
Other debt charges	27.8	0.6	13.9	0.3	13.9	100.0
	567.1	*11.2*	*534.1*	*11.0*	*33.0*	*6.2*
Provincial subsidies and tax-sharing payments (including transitional grant to Newfoundland)	382.7	7.5	395.4	8.2	−12.7	−3.2
Provision for reserve for losses on realization of assets	.....	.....	50.0	1.0	−50.0	−100.0
Family allowances	437.9	8.6	397.5	8.2	40.4	10.2
Unemployment Insurance Act—administration and government's contribution	70.3	1.4	66.4	1.4	3.9	5.9
Government contributions with respect to the superannuation account	78.1	1.5	72.4	1.5	5.7	7.9
Provision for actuarial deficiency in the superannuation account	.....	.....	50.0	1.0	−50.0	−100.0
Agriculture	94.7	1.9	84.6	1.7	10.1	11.9
Atomic Energy	21.6	0.4	21.9	0.5	−0.3	−0.1
Canadian Broadcasting Corporation	43.0	0.9	39.3	0.8	3.7	9.4
Citizenship and Immigration	52.4	1.0	44.5	0.9	7.9	17.8
External Affairs	60.2	1.2	60.2	1.2	.....	.....
Finance	158.9	3.1	50.9	1.0	108.0	212.2
Mines and Technical Surveys	36.1	0.7	35.9	0.7	0.2	0.6
National Health and Welfare	221.1	4.3	160.5	3.3	60.6	37.8
National Research Council	21.6	0.4	19.0	0.4	2.6	13.7
National Revenue	67.7	1.3	61.8	1.3	5.9	9.5
Northern Affairs and National Resources	48.6	1.0	37.0	0.8	11.6	31.4
Post Office	153.3	3.0	140.0	2.9	13.3	9.5
Public Works	206.0	4.1	165.3	3.4	40.7	24.6
Royal Canadian Mounted Police	47.4	0.9	43.4	0.9	4.0	9.2
Trade and Commerce	57.0	1.1	55.4	1.1	1.6	2.9
Transport	206.8	4.1	158.2	3.3	48.6	30.7
Veterans Affairs	276.7	5.4	251.5	5.2	25.2	10.0
Other departments	89.9	1.8	70.2	1.5	19.7	28.0
Grand total	5,086.5	100.0	4,849.0	100.0	237.5	4.9

Defence expenditures

Defence expenditures consisting of expenditures of the Departments of National Defence and Defence Production and outlay for the civil defence programme were again the largest category of government expenditure. The total of $1,687 million for the fiscal year was approximately 33 per cent of the aggregate budgetary expenditures of the government. This is a decrease of $96 million or about 5 per cent less than the 1956-57 total of $1,784 million when defence expenditures were 37 per cent of aggregate budgetary expenditures.

The Budget—Appendix

Expenditures of the Department of National Defence amounted to $1,668 million and those of the Department of Defence Production to $15 million, while outlays in connection with the civil defence programme were $4 million. In 1956-57 expenditures were $1,759 million, $21 million and $4 million, respectively.



NOTE: The unshaded areas of the columns in the chart for health, welfare and social security, represent pension payments out of the old age security fund not charged to budgetary expenditure in the year in which they were paid.

A comparative summary of defence expenditures for 1957-58 and 1956-57 is shown in the following table:

TABLE 8
(in millions of dollars)

DEFENCE EXPENDITURE	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Department of National Defence—			
Army services	378.6	388.7	−10.1
Naval services	262.7	326.7	−64.0
Air services	760.0	775.0	−15.0
	1,401.3	*1,490.4*	*−89.1*
Defence research and development	78.7	69.3	9.4
Mutual aid to NATO countries including contributions towards military costs of NATO	118.4	133.6	−15.2
Government contribution to the permanent services pension account	49.7	46.3	3.4
Administration and general	20.4	19.8	0.6
	1,668.5	1,759.4	−90.9
Department of Defence Production—			
Capital assistance	4.7	10.0	− 5.3
Administration and general	10.2	10.5	− 0.3
	14.9	*20.5*	*− 5.6*
Civil defence programme	4.0	3.7	0.3
	1,687.4	1,783.6	−96.2

Expenditures for army, naval and air services amounted in the aggregate to $1,401 million, $89 million less than the total for 1956-57. Outlay in 1957-58 was less than in the previous year by $10 million for army services, $64 million for naval services and $15 million for air services.

Expenditures for defence research and development were $79 million, an increase of $9 million over the 1956-57 programme.

Expenditures of $118 million under the mutual aid programme and contributions to the military costs of NATO were $15 million less than in the previous fiscal year. Under the provisions of section 3 of the Defence Appropriation Act, defence equipment and supplies may be transferred from Canadian stocks to other parties to the North Atlantic Treaty. The expenditures of $118 million for 1957-58 included $78 million for the transfer of equipment and supplies, and $30 million for costs incurred in acquiring and supplying military equipment for, and in the training in Canada of aircrews from, countries which are parties to the North Atlantic Treaty. The contribution of $10 million on account of Canada's share of the NATO military budgets and infrastructure costs which was also included in this total was $4 million less than in 1956-57. The percentage share of these costs to be borne by each nation is established in the North Atlantic Council and is subject to ratification by the respective member governments.

The government's contribution to the permanent services pension account during 1957-58 of an amount equal to 1-2/3 times the contributions by permanent services personnel was $50 million consisting of $46 million relating to current contributions and $4 million to contributions for arrears. This was $3 million more than the 1956-57 contribution of $46 million of which $41 million related to current contributions and $5 million to contributions for arrears.

The expenditures of $15 million for 1957-58 for the Department of Defence Production reflect a decrease of $6 million, mainly in respect of the programme under which capital assistance is given to private contractors, Crown plants operated on a management fee basis, and Crown corporations undertaking contracts essential to the defence programme. For 1957-58 this capital assistance was $5 million compared with $10 million in 1956-57.

Civil defence expenditures at $4 million, reflected a slight increase over the 1956-57 expenditures.

In addition to these budgetary expenditures for defence, there were certain other cash outlays which must be considered in assessing the full effect of the defence programme on the economy of Canada.

The Department of Defence Production makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment, which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. As a result of the transactions during 1957–58, the assets of the revolving fund were reduced by $2 million leaving a balance in the account of $54 million at March 31, 1958.

As indicated above, defence equipment and supplies may, under the provisions of Section 3 of the Defence Appropriation Act, be transferred from Canadian stocks as mutual aid to other parties to the North Atlantic Treaty. For several years the estimated replacement values of equipment and supplies acquired by the Department of National Defence prior to March 31, 1950, and later transferred to NATO countries, were credited to the National Defence equipment

account. These credits may be used subsequently to purchase equipment or supplies for the army, naval or air services, thereby involving cash outlays which are not reflected as budgetary expenditures. Since 1956 no further credits have been made to this equipment account. The Defence Services Vote provides that where any equipment or supplies are transferred as mutual aid, the estimated present value thereof shall be credited to that vote instead of being paid into the special equipment account, and when so credited may be expended for the purposes of the Canadian forces. Disbursements from the equipment account during the fiscal year were $24 million. The balance available at March 31, 1958 for disbursements in subsequent years was $212 million compared with $236 million at March 31, 1957.

Under section 11 of the National Defence Act there is provision for the sale of materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to a special account to be used for the procurement of materiel. Net credits to the account during 1957–58 were $17 million leaving a balance of $18 million at March 31, 1958.

The following table summarizes the cash outlays for defence for the past two fiscal years:

TABLE 9

(in millions of dollars)

Cash Outlays for Defence	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Budgetary expenditures—			
Department of National Defence	1,668.5	1,759.4	−90.9
Department of Defence Production	14.9	20.5	− 5.6
Civil defence programme	4.0	3.7	0.3
	1,687.4	1,783.6	−96.2
Disbursements from—			
National defence equipment account (1)	24.3	45.9	−21.6
Replacement of materiel account—sec. 11, National Defence Act (net)	−16.6	−1.5	−15.1
Defence production revolving fund (net)	− 1.9	−2.1	0.2
	5.8	*42.3*	*−36.5*
Net cash outlay for defence	1,693 2	1,825.9	−132.7

(1) Gross disbursements less refunds of expenditures charged to account in previous years

Public debt charges

Public debt charges which consist of interest on the public debt, the annual charges for amortizing bond discounts and commissions, the cost of issuing new loans and other charges incurred in servicing the public debt amounted to $567 million for 1957–58 or 11 per cent of all budgetary expenditure, compared with a total of $534 million or 11 per cent for 1956–57. They were again the second largest item of budgetary expenditure.

Interest on public debt amounted to $539 million or $19 million more than the corresponding expenditure of $520 million in 1956–57. Interest on unmatured debt totalled $438 million compared with $430 million in the previous year. This increase was due to the rise in interest rates during the year and occurred despite the fact that unmatured debt had been reduced by $123 million during 1957–58. Increases of $5 million in respect of the superannuation account, $3 million in respect of the permanent services pension account and $2 million

in respect of the government annuities account brought interest on annuity, insurance and pension accounts to $98 million for 1957–58 compared with $87 million for 1956–57. Interest of $3 million on deposit and trust accounts was unchanged from the total for 1956–57.

Other public debt charges, which include the cost of issuing new loans, the annual amortization of bond discounts and commissions, fees for the services of fiscal agents and registrars, commission for the payment of interest on the public debt, and other costs of servicing the public debt totalled $28 million compared with $14 million in 1956-57. The increase of $14 million was due to an increase in the annual amortization of bond discounts and commissions of $9 million and to the fact that the 1956-57 charges had been reduced by a premium of $5 million on the partial conversion of the fifth victory loan.

The table which follows presents a comparative summary of public debt charges for 1957–58 and 1956–57:

TABLE 10
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Interest on public debt—			
Unmatured debt and treasury bills—			
Payable in Canada	428.3	419.6	8.7
Payable in London	1.5	1.5	.....
Payable in New York	8.6	8.6	.....
	438.4	*429.7*	*8.7*
Deposit and trust accounts	3.2	3.3	−0.1
Annuity, insurance and pension accounts	97.7	87.2	10.5
	100.9	*90.5*	*10.4*
Total interest on public debt	539.3	520.2	19.1
Annual amortization of bond discounts and commissions	26.0	12.3	13.7
Servicing of public debt	0.6	0.5	0.1
Cost of issuing new loans	1.2	1.1	0.1
	567.1	534.1	33.0

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1957–58 this income amounted to $170 million as shown in the preceding section on non-tax revenue. This amount deducted from the gross total of $539 million for interest shown in the previous table leaves a net annual interest charge of $369 million compared with a net of $314 million in 1956–57.

Subsidies and tax-sharing payments to provinces

Payments to the provinces during 1957–58 for statutory subsidies, rentals under the tax-sharing arrangements act, the transitional grant to Newfoundland and the transfer of a portion of income tax receipts from certain public utility companies amounted to $383 million compared with $395 million in 1956–57.

A comparative summary of the payments for the two years is given in the following table:

TABLE 11

(in millions of dollars)

Subsidies, Tax-Sharing and Tax-Rental Payments to Provinces	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Payments under Tax-Rental Agreements Act, c. 49, Statutes of 1952	.....	365.9	−365.9
Payments under Federal-Provincial Tax-Sharing Arrangements Act, c. 29, Statutes of 1956	353.3	.....	353.3
Statutory subsidies	20.6	20.6	.....
Transitional grant to Newfoundland	1.4	2.3	−0.9
Transfer of certain public utility tax receipts, Sec. 6, c. 49, Statutes of 1952	7.4	6.6	0.8
	382.7	395.4	−12.7

Payments under the Federal-Provincial tax-sharing arrangements in 1957-58 were $13 million less than the payments under the tax-rental agreements in 1956-57. The decrease was due to the decision of the province of Ontario not to rent the corporation income tax field under the new tax-sharing agreement. If Ontario had rented the corporation income tax field, the 1957-58 payments would have been $105 million in excess of the 1956-57 payments.

Payments to the provinces under the Federal-Provincial tax-sharing arrangements in 1957-58 as shown in the next table were adjusted by deducting $1 million from the tax-sharing entitlement of the provinces of Newfoundland, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan. This deduction represented recovery of one-fifth of the overpayment made to those provinces under the 1952 tax-rental agreements on account of an over-estimation of their population as revealed by the 1956 census.

By memoranda of agreement with the provinces concerned, the 1952 tax agreements were amended to authorize the recovery of the overpayment in equal monthly deductions from the tax-sharing payments of those provinces over the five-year life of the new agreements.

Statutory subsidies at $21 million in 1957-58 were unchanged from the previous year.

A summary of payments, by provinces, during 1957-58 is given in the following table:

TABLE 12

(in millions of dollars)

Subsidies and Tax-Sharing Payments to Provinces	Fiscal Year Ended March 31, 1958 (Preliminary)				
	Statutory subsidies	Payments under tax-sharing arrangements	Transitional grant	Transfer of certain public utility tax receipts	Total
Newfoundland	1.6	16.0	1.4	0.2	19.2
Nova Scotia	2.0	26.4	.....	0.4	28.8
Prince Edward Island	0.7	4.1	.....	0.1	4.9
New Brunswick	1.7	21.3	.....	0.2	23.2
Quebec	3.3	43.1	.....	1.7	48.1
Ontario	3.6	74.4	.....	1.3	79.3
Manitoba	2.0	32.3	.....	0.1	34.4
Saskatchewan	2.1	33.1	.....	0.1	35.3
Alberta	2.3	43.6	.....	2.0	47.9
British Columbia	1.3	59.0	.....	1.3	61.6
	20.6	353.3	1.4	7.4	382.7

The amount of public utility tax receipts transferred to the provinces in 1957-58 amounted to $7 million or $1 million more than in the previous year. Section 6 of the Tax-Rental Agreements Act, 1952, authorizes the payment to the provinces, whether participating in the agreements or not, of a portion of the income tax collected from corporations whose main business is the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam.

Family allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable. The monthly allowance prior to September 1, 1957 was $5 if the child was under 6 years; $6 in the age group 6 to 9; $7 in the age group 10 to 12; and $8 in the age group 13 to 15. Effective September 1, 1957 the monthly allowance was changed to $6 if the child is under 10 years and $8 in the age group 10-15. Children of immigrants receive family assistance of $5 per month during their first year of residence in Canada from the Department of Citizenship and Immigration if during that period they are under sixteen years of age.

Family allowance payments amounted to $438 million in 1957-58 representing 9 per cent of total expenditures for the fiscal year. The increase of $40 million over the corresponding 1956-57 outlay reflects the increase in the monthly allowances and the increase in the number of children in the eligible age groups.

The following table presents a comparative summary of payments by provinces:

TABLE 13

(in millions of dollars)

Family Allowance Payments By Provinces	Fiscal Year Ended March 31		Increase
	1958 (Preliminary)	1957	
Newfoundland	14.1	12.9	1.2
Nova Scotia	19.4	18.0	1.4
Prince Edward Island	2.8	2.6	0.2
New Brunswick	17.1	15.8	1.3
Quebec	136.1	124.4	11.7
Ontario	136.8	122.5	14.3
Manitoba	21.5	19.9	1.6
Saskatchewan	23.2	21.6	1.6
Alberta	31.0	28.0	3.0
British Columbia	35.0	31.0	4.0
Northwest and Yukon Territories	0.9	0.8	0.1
	437.9	397.5	40.4

Unemployment Insurance Act administration and government's contribution

Expenditures in 1957-58 relating to the Unemployment Insurance Act (excluding the government's payment as an employer) amounted to $70 million compared with $66 million spent in 1956-57.

Unemployment insurance benefit payments are not charged directly to budgetary expenditures but are paid from the unemployment insurance fund which is financed by contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of combined employer-employee contributions.

The government's contribution to the fund for 1957-58 was $38 million and administration costs were $32 million; the corresponding figures for 1956-57 were $37 million and $29 million.

Government contributions with respect to the superannuation account

The government's contribution to the superannuation account was $78 million in 1957-58 compared with $72 million in 1956-57. Of this total $44 million was due to the additional liability created by the general salary increases to civil servants effective May 1, 1957 and $34 million to the government's regular contribution of an amount equal to the current and prior service payments of individuals. The corresponding figures for 1956-57 were $41 million and $31 million.

Provision for reserve for losses on realization of assets

No charge to expenditures for an addition to the general reserve for losses on realization of assets has been included in the government's accounts for 1957-58. In 1956-57, $50 million was added to the reserve and charged to expenditure. The balance in the reserve which was $546 million at March 31, 1957 remains unchanged, and is equivalent to 7 per cent of the aggregate active assets.

Agriculture

Expenditures of the Department of Agriculture totalled $95 million for 1957-58 compared with $85 million in 1956-57.

The net increase of $10 million was due to the deficit of $6 million in the prairie farm emergency fund (for which there was no corresponding charge in 1956-57) and increases of $2 million in the costs of experimental farms service, $1 million each in costs of marketing service, science service, and operating losses of the agricultural stabilization board offset in part by a decrease of $1 million in rehabilitation and reclamation projects. Authority of parliament will be sought to charge to 1957-58 expenditure the operating losses of the agricultural stabilization board.

A comparative summary of expenditures for 1957-58 and 1956-57 is presented in the following table:

TABLE 14

(in millions of dollars)

Agriculture	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Experimental farms service	13.8	11.9	1.9
Freight assistance on western feed grains	17.5	17.5	.....
Marketing service	7.4	6.6	0.8
Operating losses of the agricultural stabilization board	6.0	5.0	1.0
Prairie farm emergency fund—deficit	5.9	.....	5.9
Premium on hog carcasses including administrative costs	5.5	5.7	−0.2
Production service	12.9	12.3	0.6
Rehabilitation and reclamation projects	12.4	13.6	−1.2
Science service	10.6	9.8	0.8
Administration and general	2.7	2.2	0.5
	94.7	84.6	10.1

Atomic energy

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited totalled $22 million for 1957–58 the same as for 1956–57.

Administration expenses of the Atomic Energy Control Board and grants for research and investigations with respect to atomic energy were $0.5 million, compared with $0.3 million for the previous year.

Payments to Atomic Energy of Canada Limited for its research programme amounted to $21 million compared with $22 million in 1956–57. Of the total, $14 million was for current operations and maintenance and $7 million for the construction and acquisition of buildings, land, works and equipment.

In addition, advances to Atomic Energy of Canada Limited for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa amounted to $3 million. This brought the total of advances covered, or to be covered, by obligations or shares of the company to $56 million at March 31, 1958.

Canadian Broadcasting Corporation

Payments by the Government of Canada to the Canadian Broadcasting Corporation totalled $43 million for 1957–58 compared with $39 million in 1956-57. This increase of $4 million was due to an increase of $6 million in the grant toward the deficit in radio broadcasting and television service offset in part by a decrease of $2 million in the payment to the corporation of an amount equivalent to the collection of the 15 per cent special tax imposed on radio and television sets and tubes.

The following table presents a comparative summary of expenditures and advances for the past five years:

TABLE 15

(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal Year Ended March 31				
	1954	1955	1956	1957	1958 (Preliminary)
Grants to the Canadian Broadcasting Corporation by the Government of Canada—					
International shortwave broadcasting service	2.0	2.1	1.8	1.7	1.8
Amounts equal to tax collected under the Excise Tax Act in respect of radio and television sets and tubes	16.7	20.8	23.1	19.3	16.8
Radio broadcasting and television service	6.3	6.3	6.3	18.3	24.4
	25.0	*29.2*	*31.2*	*39.3*	*43.0*
Loans to the Canadian Broadcasting Corporation by the Government of Canada	4.8	3.0	8.5	.....	.....
Less repayments	.....	.....	−0.1	−0.1	−0.3
	4.8	*3.0*	*8.4*	*−0.1*	*−0.3*
	29.8	32.2	39.6	39.2	42.7

No additional loans were made to the corporation in 1957–58, total loans remaining at $27 million at March 31, 1958. Interest at various rates is paid semi-annually and is included in non-tax revenues under the heading "Return on investments".

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration were $52 million for 1957–58 compared with $44 million in 1956–57. The principal items causing this increase were a $4 million increase in Indian affairs, mainly for larger outlays for Indian education, and a $3 million increase in immigration

expenditures which included family assistance under which children of immigrants under the age of sixteen in their first year in Canada are eligible for a monthly allowance of $5.

The following table presents a comparative summary of expenditures for 1957–58 and 1956–57:

TABLE 16

(in millions of dollars)

Citizenship and Immigration	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Citizenship and citizenship registration	1.3	1.1	0.2
Immigration	22.0	18.6	3.4
Indian affairs	27.9	23.7	4.2
Administration and general	0.6	0.7	−0.1
	51.8	*44.1*	*7.7*
National Gallery of Canada—			
Payment to the purchase account	0.1	0.1	.....
Administration and general	0.5	0.3	0.2
	0.6	*0.4*	*0.2*
	52.4	44.5	7.9

External Affairs

Expenditures of the Department of External Affairs amounted to $60 million the same as for 1956–57. A decrease of $2 million in Canada's assessment for membership in international or commonwealth organizations was more than offset by increases in other categories.

The decrease of $2 million in Canada's assessment for membership in international or commonwealth organizations was due mainly to a change in the effective date of payments in 1956–57 which increased the payments for that year.

The following table presents a comparative summary of expenditures for 1957–58 and 1956–57:

TABLE 17

(in millions of dollars)

External Affairs	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Assistance to other countries	2.0	1.5	0.5
Canada's assessment for membership in international or commonwealth organizations	3.4	5.7	−2.3
Contributions to international organizations	4.6	4.1	0.5
Grant to Colombo plan fund	34.4	34.4	.....
Representation abroad	9.3	8.5	0.8
Administration and general	6.5	6.0	0.5
	60.2	60.2	.....

Finance

The major items of expenditure for the Department of Finance have been dealt with in previous paragraphs under the headings "Public debt charges", "Subsidies and tax-sharing payments to provinces" and "Government contribution with respect to the superannuation account".

Other expenditures totalled $159 million for 1957–58, an increase of $108 million over the expenditures for 1956–57. This increase of $108 million was due to a grant of $100 million to the Canada Council, for which there was no corresponding charge in 1956–57, and increases of $8 million in grants to municipalities in lieu of taxes on federal property and $2 million in administration expenses of the office of the Comptroller of the Treasury offset in part by decreases of $1 million in premium, discount and exchange and $1 million in administration and general costs.

The following table presents a comparison of 1957–58 expenditures with those for 1956–57:

TABLE 18

(in millions of dollars)

Finance	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Grant to Canada Council	100.0	.....	100.0
Office of the Comptroller of the Treasury—administration expenses	17.5	16.0	1.5
Grants to universities	16.6	16.0	0.6
Grants to municipalities in lieu of taxes on federal property	17.5	9.5	8.0
Government contribution as an employer to the unemployment insurance fund	0.8	0.8	.....
Premium, discount and exchange	.....	1.4	−1.4
Administration and general	6.5	7.2	−0.7
	158.9	50.9	108.0

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys totalled $36 million for 1957–58, the same as for 1956–57. A decrease of $1 million in connection with the movement of coal under the Dominion Coal Board was offset by smaller increases in other expenditure categories.

The following table presents a comparative summary of expenditures for 1957–58 and 1956–57:

TABLE 19

(in millions of dollars)

Mines and Technical Surveys	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Emergency gold mining assistance	8.6	8.7	−0.1
Dominion Coal Board	8.8	9.7	−0.9
Surveys and mapping including aerial photography	10.5	10.2	0.3
Mines branch	3.3	3.2	0.1
Geological Survey of Canada	2.7	2.4	0.3
Administration and general	2.2	1.7	0.5
	36.1	35.9	0.2

National Health and Welfare

Family allowance payments, amounting to $438 million for 1957-58, constitute the main item of expenditure for the Department of National Health and Welfare and have been dealt with under a separate heading in preceding paragraphs. Civil defence expenditures, amounting to $4 million, are dealt with under the heading "Defence expenditures".

Other expenditures of the Department in 1957-58 totalled $221 million, an increase of $61 million compared with expenditures of $160 million in 1956-57.

The following table presents a comparative summary of expenditures for 1957-58 and 1956-57:

TABLE 20

(in millions of dollars)

National Health and Welfare	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Blind persons allowances	3.6	3.0	0.6
Disabled persons allowances	11.1	7.2	3.9
General health grants	34.6	36.3	−1.7
Indian and Eskimo health services	19.8	18.2	1.6
Old age assistance	25.1	20.3	4.8
Other health services	10.3	7.3	3.0
Reduction in the amount owing by the old age security fund	103.9	56.0	47.9
Unemployment Assistance Act	8.2	7.9	0.3
Administration and general	4.5	4.3	0.2
	221.1	160.5	60.6

Outstanding temporary loans by the Minister of Finance to the old age security fund amounted to $104 million at March 31, 1958. Parliament will be asked to authorize writing off these temporary loans as a charge to expenditure in the 1957-58 accounts.

Expenditures for Indian and Eskimo health services were $20 million for 1957-58 compared with $18 million for 1956-57. Expenditures for other health services were $10 million in 1957-58 compared with $7 million in 1956-57.

General health grants to the provinces for assistance in hospital construction, general health services and the control of diseases amounted to $35 million for 1957-58 compared with expenditures of $36 million in 1956-57.

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $55 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the Act may receive a pension of $55 per month from the federal government out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $55 per month to blind persons in need over the age of 18 by paying 75 per cent of the

total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $55 per month for allowances to disabled persons in need over the age of 18 years. Two sets of amendments to the Old Age Assistance Act, the Blind Persons Act, and the Disabled Persons Act, raised the maximum pension towards which the Federal Government would contribute from $40 to $46 effective July 1, 1957 and from $46 to $55 effective November 1, 1957. Similar increases were made in old age security pensions at the same times, through amendments to the Old Age Security Act. In 1957–58 payments for old age assistance were $25 million compared with $20 million in 1956–57, for blind persons allowances $4 million compared with $3 million and for disabled persons allowances $11 million compared with $7 million.

Under the Unemployment Assistance Act the federal government contributes up to 50 per cent of the cost of unemployment assistance paid by the provinces, subject to certain deductions as set out in the Act. To date eight provinces have signed agreements with the federal government. Expenditures under this Act amounted to $8 million for 1957-58 the same as for 1956-57 which covered a twenty-one month period from July 1, 1955 (the effective date stipulated in the Act) to March 31, 1957.

The following table presents a distribution of these payments to provinces for health grants, old age assistance, disabled persons and blind persons allowances and for unemployment assistance for 1957-58:

TABLE 21

(in millions of dollars)

General Health Grants and Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal Year Ended March 31, 1958 (Preliminary)				
	General health grants	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	1.1	1.3	0.2	0.1	1.8
Nova Scotia	1.9	1.3	0.5	0.3	(1)
Prince Edward Island	0.3	0.1	0.2	0.1	0.1
New Brunswick	1.8	1.6	0.4	0.3	(1)
Quebec	8.3	8.8	6.0	1.3	.....
Ontario	9.9	5.7	2.5	0.7	2.1
Manitoba	2.2	1.3	0.3	0.2	0.8
Saskatchewan	2.3	1.4	0.3	0.2	0.6
Alberta	2.9	1.5	0.4	0.2	.....
British Columbia	3.8	2.0	0.3	0.2	2.8
Northwest and Yukon Territories	0.1	0.1	(1)	(1)	.....
	34.6	25.1	11.1	3.6	8.2

(1) Less than $50,000.

National Research Council

Expenditures of the National Research Council amounted to $22 million for 1957-58, $3 million higher than for 1956-57. Salaries and other expenses amounting to $19 million were $3 million more than the corresponding amount in 1956-57; the costs of construction or acquisition of buildings, works, land and new equipment totalling $3 million were approximately the same as the corresponding outlay in 1956-57.

National Revenue

Expenditures of the Department of National Revenue were $68 million for 1957-58 compared with $62 million in 1956-57. The following table presents a comparative summary of expenditures for the two years:

TABLE 22

(in millions of dollars)

National Revenue	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Customs and excise division	36.5	33.4	3.1
Taxation division	31.0	28.3	2.7
Income tax appeal board	0.2	0.1	0.1
	67.7	61.8	5.9

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources in 1957-58 were $49 million, compared with $37 million in 1956-57.

Of this increase of $12 million, $7 million was attributable to expenditures by the northern administration and lands branch (of which $5 million was for the construction or acquisition of buildings, works, land and new equipment and $2 million for operation and maintenance); $2 million to expenditures by the national parks branch (of which $1 million was for construction or acquisition of buildings, works, land and new equipment); and $3 million to the expenditures of the forestry branch.

The following table presents a comparative summary of expenditures for 1957-58 with those for 1956-57:

TABLE 23

(in millions of dollars)

Northern Affairs and National Resources	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
National parks branch	18.2	16.4	1.8
Engineering and water resources branch	1.8	1.8	.....
Northern administration and lands branch	18.6	12.1	6.5
Forestry branch	7.2	4.5	2.7
Canadian government travel bureau	1.9	1.5	0.4
Administration and general	0.9	0.7	0.2
	48.6	37.0	11.6

Post Office

Gross expenditures of the Post Office Department for 1957-58 were $177 million, an increase of $15 million over the 1956-57 outlay of $162 million.

Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $177 million, amounted to $24 million for 1957-58, compared with $22 million in 1956-57.

Disbursements charged to budgetary expenditures were $153 million, an increase of $13 million over expenditures in 1956-57, due mainly to the increase of $6 million on account of the general salary increase effective May 1, 1957, and $5 million in costs of movement of mail.

The following table presents a comparative summary of expenditures for 1957-58 and 1956-57:

TABLE 24

(in millions of dollars)

Post Office	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	94.7	86.6	8.1
Transportation—movement of mail by land, air and water	54.1	49.4	4.7
Financial services	2.6	2.4	0.2
Administration and general	1.9	1.6	0.3
	153.3	140.0	13.3
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	24.2	22.1	2.1
	177.5	162.1	15.4

Public Works

Expenditures of the Department of Public Works for 1957-58 amounted to $206 million, compared with $165 million for 1956-57, an increase of $41 million. Costs of the development engineering branch increased by $26 million of which $25 million was attributable to the trans-Canada highway; costs of the public buildings construction and services branch increased by $11 million, of which $9 million was for the acquisition, construction and improvements of public buildings in Ottawa; and costs of the harbours and rivers engineering branch increased by $3 million due mainly to the acquisition, construction and improvements of harbour and river works.

The following table presents a comparative summary of expenditures for 1957-58 with those for 1956-57:

TABLE 25

(in millions of dollars)

Public Works	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Public buildings—construction and services—			
Acquisition, construction and improvements of public buildings—			
Ottawa	16.9	8.1	8.8
Other centres in Canada	36.3	36.7	−0.4
Outside Canada	0.1	.....	0.1
Maintenance and operation	41.4	38.9	2.5
Furniture and furnishings	2.3	2.4	−0.1
General	3.4	3.6	−0.2
	100.4	*89.7*	*10.7*
Harbours and rivers engineering services—			
Acquisition, construction and improvements of harbour and river works	24.3	21.8	2.5
Harbours and rivers—generally	3.0	3.4	−0.4
Dredging	3.8	3.5	0.3
General	1.1	0.9	0.2
	32.2	*29.6*	*2.6*
Development engineering services—			
Trans-Canada highway division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	49.4	24.8	24.6
Trans-Canada highway through national parks	12.6	11.3	1.3
General	1.4	1.6	−0.2
	63.4	*37.7*	*25.7*
Housing	2.7	1.8	0.9
Administration and general	7.3	6.5	0.8
	206.0	165.3	40.7

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police amounted to $47 million for 1957-58, $4 million more than the total spent in 1956-57. Larger outlays of $2 million in land and air services, and $1 million each in marine services and headquarters administration and general (due mainly to the salary increase effective May 1, 1957) accounted for the increase. These payments represented gross expenditures; payments received from the provinces and municipalities for police services totalling $7 million were credited to revenue.

The following table presents a comparative summary of expenditures for 1957-58 and 1956-57:

TABLE 26

(in millions of dollars)

Royal Canadian Mounted Police	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Land and air services	31.4	29.3	2.1
Marine services	3.2	2.3	0.9
Government contribution to the Royal Canadian Mounted Police pension account	1.5	1.6	−0.1
Pensions and other benefits	2.5	2.3	0.2
Headquarters administration and general	8.8	7.9	0.9
	47.4	43.4	4.0

Trade and Commerce

Expenditures for the Department of Trade and Commerce totalled $57 million for 1957-58 compared with $55 million for 1956-57. The net increase of $2 million was due to increases of $2 million in assistance re storage costs of grain and $2 million in administration and general expenditures, offset in part by a decrease of $3 million in the outlay of the Dominion Bureau of Statistics. The 1957-58 expenditures of the Dominion Bureau of Statistics did not include an item comparable to the $4 million spent in 1956-57 for the 1956 census.

The following table presents a comparative summary of expenditures for 1957-58 and 1956-57:

TABLE 27

(in millions of dollars)

Trade and Commerce	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Assistance re storage costs of grain	33.3	31.8	1.5
Canada Grain Act	6.3	5.9	0.4
Dominion Bureau of Statistics	7.5	10.0	−2.5
Standards branch	2.2	1.9	0.3
Trade commissioners service	3.3	2.9	0.4
Administration and general	4.4	2.9	1.5
	57.0	55.4	1.6

Transport

Expenditures of the Department of Transport for 1957-58 amounted to $207 million, an increase of $49 million over the total of $158 million in 1956-57.

Expenditures for air services at $91 million were $20 million higher than those for the previous year. This was due to an increase in the outlays of the civil aviation division of $12 million, of which $9 million was for the construction and acquisition of buildings, works, lands and new equipment including construction work on municipal airports and $3 million for the operation and maintenance of airways and airports; an increase in the outlays of the telecommunications division of $6 million, of which $4 million was for the construction and acquisition of new lines; and an increase of $2 million in the costs of the meteorological division.

Expenditures for marine services amounted to $33 million in 1957-58, an increase of $6 million over the outlay of $27 million in 1956-57. This increase was due mainly to higher expenditures for the construction and acquisition of steamers.

Expenditures for railway and steamship services amounted to $18 million, a decrease of $3 million from the previous year. Decreases of $2 million in costs of construction and acquisition of auto ferries and $1 million in expenditures in connection with the Straits of Canso causeway accounted for this decrease.

Expenditures for the Board of Transport Commissioners at $13 million were the same as in the previous year.

Payments to cover the net operating deficits of certain Crown corporations totalled $31 million in 1957-58, an increase of $23 million over expenditures of $8 million in 1956-57. The increase was due almost entirely to the reimbursement of $22 million to the Canadian National Railways on account of its 1957 deficit

for which there was no corresponding charge in the previous year. "Non-active" advances to the National Harbours Board totalled $5 million in 1957-58 compared with $4 million for 1956-57.

The following table presents a comparative summary of expenditures for 1957-58 and 1956-57:

TABLE 28

(in millions of dollars)

Transport	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Air services—			
Civil aviation division	53.3	41.5	11.8
Meteorological division	10.8	9.2	1.6
Telecommunications division	24.0	17.9	6.1
Administration	2.4	1.9	0.5
	90.5	*70.5*	*20.0*
Canal services	8.6	8.2	0.4
Marine services	32.7	26.9	5.8
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	12.6	12.5	0.1
Strait of Canso causeway	0.1	1.1	−1.0
Construction and acquisition of auto ferries	1.5	3.1	−1.6
Other	4.0	4.0	.....
	18.2	*20.7*	*−2.5*
Board of Transport Commissioners—			
Maintenance of trackage	7.0	7.0	.....
Railway grade crossing fund	5.0	5.0	.....
Administration and general	1.1	0.9	0.2
	13.1	*12.9*	*0.2*
Canadian Maritime Commission	5.3	5.0	0.3
Crown Corporations—			
Net income deficits	30.9	7.5	23.4
Non-active advances—National Harbours Board	4.8	4.1	0.7
	35.7	*11.6*	*24.1*
Administration and general	2.7	2.4	0.3
	206.8	158.2	48.6

Veterans Affairs

Expenditures of the Department of Veterans Affairs were $277 million in 1957–58 compared with expenditures of $252 million in 1956–57. The net increase of $25 million was due mainly to increases of $15 million in pensions for disability or death and $7 million in war veterans allowances as a result of legislation increasing on July 1 and November 1, 1957 monthly payments of pensions and allowances, and $4 million in the costs of treatment services. Partly offsetting these increases was a decrease of $2 million in the provision for reserve for conditional benefits under the Veterans Land Act.

Expenditures relating to the administration of the Soldier Settlement and Veterans Land Acts were $5 million, unchanged from the previous year, while the provision for the reserve for conditional benefits under the Veterans Land Act was $5 million. These conditional benefits are granted to veterans who enter into agreements with the director for purchases of land and chattels provided they fulfil the terms of the agreements for ten years. The amount charged to expenditures under this heading covers one-tenth of the conditional benefits included in sales to veterans.

The following table presents a comparative summary of expenditures for 1957–58 and 1956–57:

TABLE 29

(in millions of dollars)

Veterans Affairs	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Pensions for disability or death	145.6	130.3	15.3
Treatment and welfare services	59.7	55.4	4.3
War veterans allowances and other benefits	53.2	45.8	7.4
War service gratuities and re-establishment credits	1.8	2.4	−0.6
Soldier Settlement and Veterans Land Acts—			
Administration and general	5.6	5.4	0.2
Provision for reserve for conditional benefits, Veterans Land Act	5.2	6.8	−1.6
Departmental, district and pensions administration and miscellaneous payments	5.6	5.4	0.2
	276.7	251.5	25.2

All other departments

Expenditures of the departments not dealt with in preceding sections amounted to $90 million for 1957–58, compared with expenditures of $70 million in 1956-57. The increase of $20 million was due mainly to increases of $13 million in the expenses of the Chief Electoral Officer, due to the June 1957 and March 1958 federal elections; $3 million in expenditures of the Department of Fisheries, mainly in the outlays of the Fisheries Research Board; and $3 million in expenditures of the Department of Labour, mainly in the costs of vocational training.

The following table presents a comparative summary of expenditures for 1957–58 and 1956–57:

TABLE 30

(in millions of dollars)

All Other Departments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Auditor General	0.8	0.7	0.1
Chief Electoral Officer	13.6	0.2	13.4
Civil Service Commission	3.2	2.7	0.5
Fisheries	16.4	13.8	2.6
Governor General and Lieutenant-Governors	0.4	0.4	.....
Insurance	0.6	0.5	0.1
Justice	7.2	7.0	0.2
Office of the Commissioner of Penitentiaries	12.7	12.0	0.7
Labour	12.4	9.5	2.9
Legislation	6.8	7.2	−0.4
National Film Board	4.0	5.0	−1.0
Privy Council including Federal District Commission	3.9	3.9	.....
Public Archives and National Library	0.6	0.6	.....
Public Printing and Stationery	3.3	3.2	0.1
Secretary of State	4.0	3.5	0.5
	89.9	70.2	19.7

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AT MARCH 31, 1958

The balances of the asset and liability accounts at March 31, 1958, the comparable balances at March 31, 1957, and the changes in each category during 1957-58 are shown in the following table:

TABLE 31

SUMMARY OF ASSETS AND LIABILITIES OF CANADA

(in millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
LIABILITIES			
Current and demand liabilities	874.8	1,002.9	−128.1
Deposit and trust accounts	186.9	167.6	19.3
Annuity, insurance and pension accounts	2,712.0	2,427.2	284.8
Undisbursed balances of appropriations to special accounts	285.4	312.5	−27.1
Suspense accounts	64.1	47.6	16.5
Unmatured debt	14,245.1	14,368.4	−123.3
	18,368.3	18,326.2	42.1
ASSETS			
Current assets	694.5	947.0	−252.5
Advances to exchange fund account	1,975.0	2,021.0	−46.0
Sinking fund and other investments held for retirement of unmatured debt	212.2	210.8	1.4
Loans to, and investments in, Crown corporations	2,549.8	2,250.5	299.3
Loans to national governments	1,443.7	1,478.6	−34.9
Other loans and investments	658.0	655.1	2.9
Securities held in trust	22.6	.....	22.6
Province debt account arising out of 1952 tax-rental agreements	4.1	0.1	4.0
Deferred charges	76.6	63.9	12.7
Unamortized portion of actuarial deficiency in the superannuation account	139.0	139.0	.....
Suspense accounts	.....	9.4	−9.4
Capital assets	(1)	(1)	.....
Inactive loans and investments	90.9	89.5	1.4
Total assets	7,866.4	7,864.9	1.5
Less reserve for losses on realization of assets	−546.4	−546.4	.....
Net assets	7,320.0	7,318.5	1.5
Net debt (excess of liabilities over net assets)	11,048.3	11,007.7	(2) 40.6

(1) Shown at nominal value of $1.

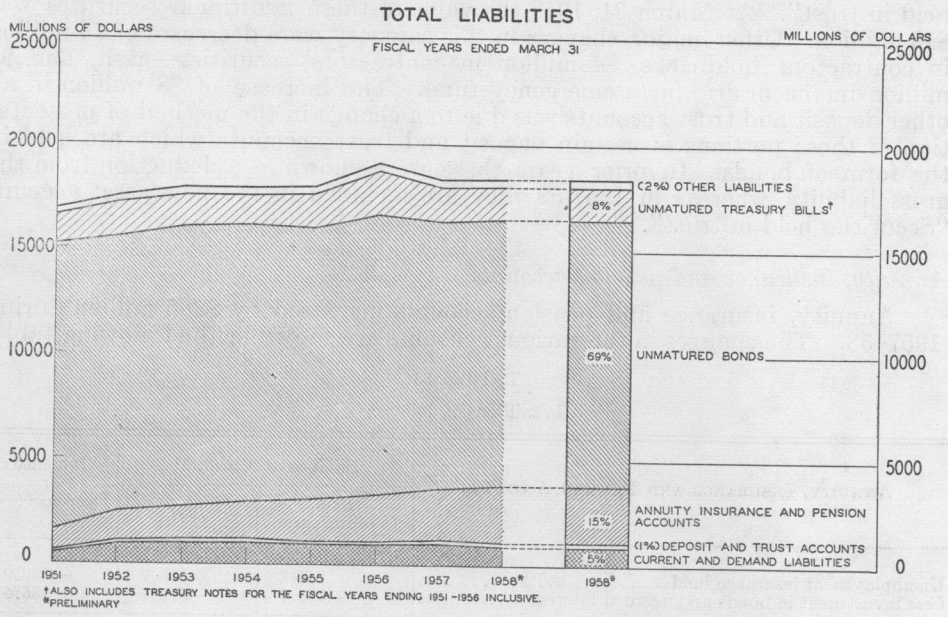
(2) Reflecting the budgetary deficit of $39 million plus adjustments of $1 million in respect of prior years transactions.

A. CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING 1957-58

The gross liabilities of the government increased by $42 million during the fiscal year. Increases of $285 million in annuity, insurance and pension accounts, $16 million in suspense accounts and $19 million in deposit and trust accounts were only partly offset by decreases of $128 million in current and demand liabilities, $123 million in unmatured debt and $27 million in undisbursed balances of appropriations to special accounts.

Current and demand liabilities

Current and demand liabilities, which include matured debt outstanding, outstanding treasury cheques and interest, interest accrued, accounts payable, non-interest bearing notes payable to the international monetary fund and the international bank for reconstruction and development and other obligations payable on demand, decreased by $128 million during the fiscal year. Decreases of $81 million in outstanding treasury cheques, $31 million in accounts payable, $12 million in matured debt outstanding, $8 million in non-interest bearing notes, $3 million in the net liability for post office money orders and $2 million in interest due and outstanding, were partially offset by an increase of $9 million in interest accrued.



The changes in the various accounts are shown in the following table:

TABLE 32

(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Outstanding treasury cheques	233.1	314.0	−80.9
Accounts payable	201.8	232.9	−31.1
Non-interest bearing notes payable to the international monetary fund and the international bank for reconstruction and development	203.8	211.8	− 8.0
Matured debt outstanding	23.6	36.0	−12.4
Interest due and outstanding	57.0	59.1	− 2.1
Interest accrued	129.1	120.0	9.1
Post Office (net liability for money orders, etc.)	26.0	28.6	− 2.6
Other current liabilities	0.4	0.5	− 0.1
	874.8	1,002.9	−128.1

Deposit and trust accounts

Deposit and trust accounts which consist of sundry funds deposited with the Receiver General or held in trust for various purposes increased by $19 million during 1957–58.

In 1957–58 a new account was set up to record deposits of Crown corporations of cash temporarily in excess of current requirements which would earn interest at a rate determined on the basis of weekly treasury bill yields. At March 31, 1958 the balance in this account was $10 million. Also during the fiscal year it was decided to record in the contractors' security account, in addition to the cash deposits formerly recorded, the value of all bonds and certified cheques held by the government as a guarantee of the fulfilment of contracts. This amount was also included as a contra account in the asset category "Securities held in trust". At March 31, 1958 the value of these additional securities was $13 million. Other major changes in this category were decreases of $6 million in contractors' holdbacks, $4 million in contractors' securities—cash, and $3 million in the prairie farm emergency fund. The increase of $8 million in all other deposit and trust accounts was due to a change in the method of presentation of those portions of certain deposit and trust accounts which are held in the form of bonds. In prior years these were shown as a deduction from the gross liability whereas in 1957-58 they are included in the new asset account "Securities held in trust".

Annuity, insurance and pension accounts

Annuity, insurance and pension accounts increased by $285 million during 1957–58. The changes in the various accounts are shown in the following table.

TABLE 33

(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Unemployment insurance fund	754.8	885.7	−130.9
Less investment in bonds and accrued interest	−739.7	−875.1	135.4
	15.1	10.6	4.5
Government annuities	1,047.6	989.3	58.3
Superannuation account	1,045.8	919.0	126.8
Permanent services pension account	513.8	426.3	87.5
Other	89.7	82.0	7.7
	2,712.0	2,427.2	284.8

The unemployment insurance fund decreased by $131 million during the year reducing the balance at March 31, 1958 to $755 million. Of this amount $740 million was invested in bonds and accrued interest and $15 million was held by the Receiver General in the consolidated revenue fund. The decrease of $131 million in the fund represents the amount by which benefit payments totalling $385 million exceeded contributions by employers, employees and the government, income from investments and other miscellaneous revenue credited to the fund. Benefit payments in the fiscal year were $154 million higher than the $231 million in 1956-57.

The government annuities account increased by $58 million reflecting the amount by which premium receipts, interest credited to the account by the government and the amount required to maintain the reserve exceeded payments to annuitants and beneficiaries.

The increase of $127 million in the superannuation account was due mainly to the government's contribution of $34 million equal to the estimated current and prior service payments of individuals in 1956–57, the government's contribution of $44 million in respect of the civil service salary increase effective May 1, 1957 and $40 million interest credited to the account. The remainder of the increase was due to the excess of employee's current and prior service contributions over benefit payments.

The permanent services pension account increased by $88 million, reflecting the government's contribution of $50 million which is made at the rate of one and two-thirds times the current and prior service contributions, interest on the account of $18 million and contributions by permanent services personnel for current and prior years service less payments from the account.

Other annuity, insurance and pension accounts showed an increase of $8 million for the fiscal year.

Old age security fund

Under the Old Age Security Act pensions of $55 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age and over. The monthly allowance was raised from $40 to $46 effective July 1, 1957 and from $46 to $55 effective November 1, 1957. Payments from the fund during the fiscal year were $474 million while credits to the fund from the proceeds of the 2 per cent tax on personal incomes (maximum tax $60), the 2 per cent tax on corporation profits and the 2 per cent sales tax totalled $372 million. Temporary loans amounting to $102 million were required to cover the deficit resulting from these transactions during 1957-58. Parliament will be asked to authorize writing off to expenditure in 1957-58 the remainder of the 1956-57 deficit of $2 million and the 1957-58 deficit of $102 million.

The following table shows the transactions in the old age security fund for the fiscal years ended March 31, 1953 to 1958 inclusive:

TABLE 34

(in millions of dollars)

Old Age Security Fund	Fiscal Year Ended March 31					
	1953	1954	1955	1956	1957	1958(1)
Tax receipts—						
2 per cent sales tax	141.5	146.8	143.1	160.4	179.3	175.8
2 per cent personal income tax	45.2	90.7	100.9	102.5	125.0	135.0
2 per cent corporation income tax	36.9	55.6	46.0	53.3	67.3	60.7
Total tax receipts	223.6	293.1	290.0	316.2	371.6	371.5
Pension payments	−323.1	−338.9	−353.3	−366.2	−379.1	−473.9
Excess of payments over receipts	−99.5	−45.8	−63.3	−50.0	−7.5	−102.4
Previous deficit brought forward	.....	−99.5	−45.8	−63.3	−50.0	−1.5
Appropriation by Parliament—						
Charged to budgetary expenditure	.....	.....	45.8	63.3	56.0	103.9
Charged to reserve for losses on realization of assets	.....	99.5	.....	.....	.....	.....
Deficit in fund covered by temporary loan from the Minister of Finance	−99.5	−45.8	−63.3	−50.0	−1.5	.....

(1) Preliminary.

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE 35

(in millions of dollars)

Old Age Security Payments by Provinces	Fiscal Year Ended March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Newfoundland	9.9	7.7	2.2
Nova Scotia	23.0	18.7	4.3
Prince Edward Island	3.7	3.4	0.3
New Brunswick	16.7	13.5	3.2
Quebec	99.5	79.7	19.8
Ontario	172.9	138.8	34.1
Manitoba	28.6	22.9	5.7
Saskatchewan	29.4	23.3	6.1
Alberta	30.4	23.9	6.5
British Columbia	59.5	46.9	12.6
Northwest and Yukon Territories	0.3	0.3	.....
	473.9	379.1	94.8

Undisbursed balances of appropriations to special accounts

This category was set up to record the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. There was a net decrease of $27 million during the year in these accounts, due to decreases of $24 million in the national defence equipment account and $6 million in the Colombo plan fund and an increase of $3 million in the railway grade crossing fund.

The decrease of $6 million in the Colombo plan fund represented the amount by which disbursements from the fund of $40 million exceeded the $34 million credited to the fund out of moneys voted by parliament for assistance to countries in south and south-east Asia.

The transactions in the national defence equipment account resulted in a decrease in the undisbursed balance in the account which was established under section 3 of the Defence Appropriation Act, 1950, and continued by subsequent votes of parliament. Under the terms of the Act, the value of defence materials and supplies acquired prior to March 31, 1950, and transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian forces. Disbursements from the account during the fiscal year were $24 million. No credits have been made to this account since 1956.

The increase of $3 million in the railway grade crossing fund represented the amount of $5 million credited to this account and charged to expenditure less disbursements from the account.

Suspense accounts

Suspense accounts, which consist of balances where some uncertainty as to disposition exists and balances where the ultimate treatment is known but which are held until certain conditions are fulfilled showed a net increase of $16 million during the fiscal year. The major changes in the accounts in this category were

increases of $16 million in the replacement of materiel account, $5 million in international monetary fund—revaluation of Canadian dollar balance account, and $2 million in other suspense accounts, and decreases of $4 million in balances receivable under agreements of sale of Crown assets and $2 million in Crown Assets Disposal Corporation account.

The replacement of materiel account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. During 1957-58 credits to the account exceeded disbursements by $17 million.

The increase of $5 million in the international monetary fund—revaluation of Canadian dollar balance account, represented adjustments occasioned by the decreased value in terms of Canadian dollars of Canada's subscription to the fund.

The reduction of $4 million in agreements of sale of Crown assets reflected payments on outstanding agreements including $1 million each from Canadair Limited and Orenda Engines Limited.

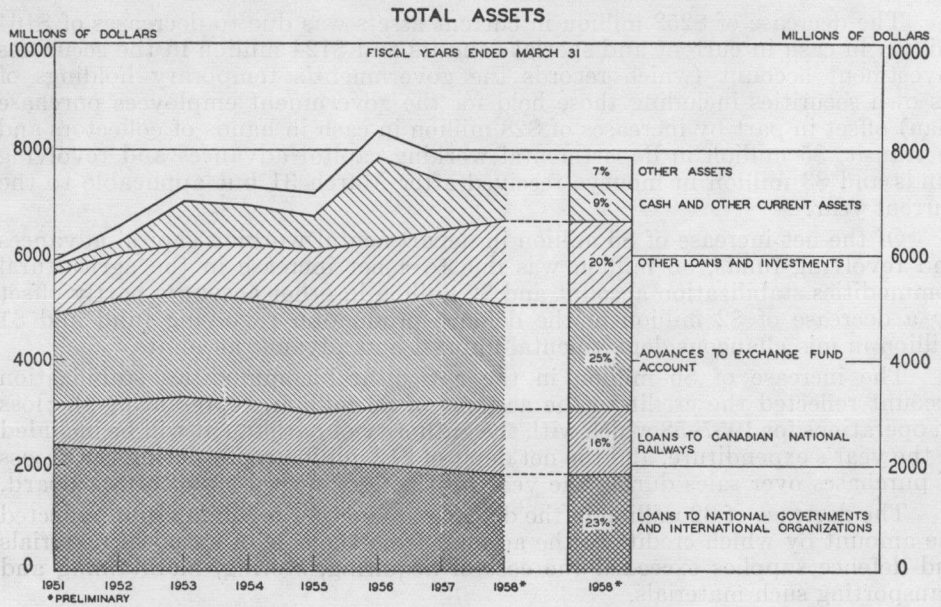
The decrease in Crown Assets Disposal Corporation account represented a reduction in the government's equity in the agency account of the Corporation.

Unmatured debt

The outstanding unmatured debt at the close of 1957-58 was $14,245 million, a decrease of $123 million from the previous year which was reflected entirely in debt payable in Canada.

B. Changes in Principal Asset Classifications During 1957–58

The total of assets increased during the fiscal year by $2 million. The principal changes were increases of $299 million in loans to, and investments in, Crown corporations, $23 million in securities held in trust, $13 million in



deferred charges, $4 million in the province debt account arising out of 1952 tax-rental agreements, $3 million in other loans and investments, $1 million in sinking fund and other investments held for retirement of unmatured debt and $1 million in inactive loans and investments partly offset by decreases of $252 million in current assets, $46 million in advances to the exchange fund account, $35 million in loans to national governments and $9 million in suspense accounts.

Current Assets

Current assets, including cash, departmental working capital advances and revolving funds and securities held in the securities investment account, totalled $695 million, $252 million less than the previous year.

The changes during the fiscal year in the various accounts in this category are shown in the following table:

TABLE 36
(in millions of dollars)

Current Assets	Balance at March 31		Increase or Decrease (—)
	1958 (Preliminary)	1957	
Cash in current and special deposits	308.3	472.2	—163.9
Cash in hands of collectors and in transit	160.0	132.0	28.0
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	26.4	20.7	5.7
Defence production revolving fund	54.4	56.3	—1.9
Miscellaneous departmental imprest and advance accounts	20.0	21.3	—1.3
Other	28.1	25.6	2.5
Securities investment account	80.1	204.3	—124.2
Other current assets—moneys received after March 31 but applicable to the current year	17.2	14.6	2.6
	694.5	947.0	—252.5

The decrease of $252 million in current assets was due to decreases of $164 million in cash in current and special deposits and $124 million in the securities investment account (which records the government's temporary holdings of its own securities including those held for the government employees purchase plan) offset in part by increases of $28 million in cash in hands of collectors and in transit, $5 million in departmental working capital advances and revolving funds and $3 million in moneys received after March 31 but applicable to the current year.

Of the net increase of $5 million in departmental working capital advances and revolving funds, $6 million was due to a net increase in the agricultural commodities stabilization account and $2 million in other accounts partly offset by a decrease of $2 million in the defence production revolving fund and $1 million in miscellaneous departmental imprest and advance accounts.

The increase of $6 million in the agricultural commodities stabilization account reflected the credit to the account of $6 million, representing the loss on operations for 1957–58 which with the authority of parliament will be included in the year's expenditure, and the net debit of $12 million representing the excess of purchases over sales during the year by the agricultural stabilization board.

The decrease of $2 million in the defence production revolving fund reflected the amount by which credits to the account from the sale of essential materials and defence supplies exceeded the cost of acquiring, storing, maintaining and transporting such materials.

Miscellaneous departmental imprest and advance accounts record accountable advances to departments held on deposit in various banks in the name of the department concerned, certain travelling and imprest advances to public officers and advance payments to contractors. During the fiscal year these advances are carried as charges to the relevant appropriations; if they are not repaid or accounted for at the year-end, they are cleared from the appropriation and debited to this account and at the beginning of the new fiscal year are cleared from the account and charged to the appropriation concerned until such time as an accounting is made.

Advances to the exchange fund account

Advances to the exchange fund account to finance the purchase of gold and foreign exchange amounted to $250 million and repayments to $296 million, resulting in a net repayment of $46 million during the year.

Sinking fund and other investments held for retirement of unmatured debt

Sinking fund and other investments held for retirement of unmatured debt totalled $212 million at the end of the fiscal year 1957-58, an increase of $1 million, due mainly to an increase in the holdings of bonds of various Government of Canada issues payable in United States dollars.

Loans to, and investments in, Crown corporations

Loans to, and investments in, Crown corporations amounted to $2,550 million at March 31, 1958, an increase of $299 million over the previous year. The most important changes were net increases of $108 million in loans to Central Mortgage and Housing Corporation, $95 million in advances to The St. Lawrence Seaway Authority, $71 million in loans to Northern Ontario Pipe Line Crown Corporation, $14 million in advances to Canadian Farm Loan Board, $11 million in advances to National Harbours Board, $7 million in advances to Northern Canada Power Commission, $3 million in advances to Atomic Energy of Canada Limited and a decrease of $11 million in loans and advances to the Canadian National Railways.

The following table shows the changes in this category during the year:

TABLE 37

(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Atomic Energy of Canada Limited	56.0	52.8	3.2
Bank of Canada	5.9	5.9	.....
Canadian Arsenals Limited	7.5	7.5	.....
Canadian Broadcasting Corporation	27.0	27.3	−0.3
Canadian Commercial Corporation	4.0	4.0	.....
Canadian Farm Loan Board	65.2	50.9	14.3
Canadian National Railways	1,266.2	1,276.8	−10.6
Canadian National (West Indies) Steamships Limited	3.1	3.3	−0.2
Canadian Overseas Telecommunication Corporation	12.6	12.3	0.3
Central Mortgage and Housing Corporation	668.0	560.5	107.5
Eldorado Mining and Refining Limited	8.2	8.2	.....
Export Credits Insurance Corporation	10.0	10.0	.....
National Harbours Board	125.4	114.3	11.1
Northern Canada Power Commission	14.6	7.7	6.9
Northern Ontario Pipe Line Crown Corporation	70.8	0.3	70.5
Polymer Corporation Limited	30.0	30.0	.....
The St. Lawrence Seaway Authority	172.0	77.5	94.5
Other Crown Corporations	3.3	1.2	2.1
	2,549.8	2,250.5	299.3

Advances to Atomic Energy of Canada Limited, to be covered by obligations or shares of the company, amounted to $3 million during the fiscal year, bringing advances to $56 million at March 31, 1958. Advances during the year were for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa.

No loans were made during the year to the Canadian Broadcasting Corporation. Total loans to the corporation outstanding at March 31, 1958 were $27 million. Grants were made to the corporation during the fiscal year of $43 million.

In the fiscal year ended March 31, 1958, the government advanced $233 million to the Canadian National Railway Company for capital purposes and the retirement of debt in the hands of the public. During the year the Company repaid $295 million (of which $289 million was made available from the sale of $300 million Canadian National Railway Company 4% bonds guaranteed by the Government of Canada) of current and prior year's advances and thus reduced by $62 million the amount of advances outstanding at March 31, 1958 compared with March 31, 1957.

However, in addition to the advances the government purchased $22 million of 4 per cent preferred stock of the Canadian National Railways in order to assist the Company to finance additional capital expenditures. This stock is issued pursuant to the provisions of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross revenues of the Company.

Further, to cover the income deficits the Government provided the Company with $51 million during the year by way of temporary loans. Of this amount $22 million in respect of the 1957 calendar year deficit has been written off to expenditure.

Therefore the total amount made available to the Company during the year was $306 million and the repayments and write-off amounted to $317 million for a net decrease in the amount outstanding at the end of the fiscal year of $11 million.

Loans to Central Mortgage and Housing Corporation during the year amounted to $114 million, of which $98 million was for direct loans by the corporation and joint loans with lending institutions, $15 million for federal-provincial housing projects and $1 million for advances for house construction. Repayments totalled $6 million, of which $5 million was in respect of advances for house construction and $1 million in respect of loans for federal-provincial projects. The net increase for the fiscal year in loans to the corporation was $108 million.

Loans to the Northern Ontario Pipe Line Crown Corporation in connection with the construction of the Northern Ontario section of the all-Canadian natural gas pipe line totalled $71 million in 1957-58.

Advances to The St. Lawrence Seaway Authority during the year amounted to $95 million, bringing total loans at the close of the year to $172 million. There were no repayments made on advances in the fiscal year.

Other increases in loans and advances to Crown corporations included $14 million to Canadian Farm Loan Board, $11 million to National Harbours Board, $7 million to Northern Canada Power Commission and $2 million to other Crown corporations.

Loans to national governments

Loans to national governments totalled $1,444 million at the end of the fiscal year, a decrease of $35 million from the previous year. The changes in these loans are shown in the following table:

TABLE 38

(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	22.5	52.5	−30.0
The United Kingdom Financial Agreement Act, 1946	1,096.6	1,096.6	.....
	1,119.1	*1,149.1*	*−30.0*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	43.8	46.2	−2.4
Czechoslovakia	.....	2.0	−2.0
France	167.4	175.7	−8.3
Netherlands	87.2	91.8	−4.6
Norway	5.3	7.9	−2.6
	303.7	*323.6*	*−19.9*
Miscellaneous loans and advances—			
France—military relief credits settlement	.....	0.5	−0.5
interim credit—consolidated interest	1.6	1.7	−0.1
India—special loans to finance the purchase of wheat and flour from Canada	16.2	.....	16.2
Netherlands—military relief and currency credit settlement	2.3	2.9	−0.6
Miscellaneous	0.8	0.8	.....
	1,443.7	1,478.6	−34.9

During the year the Government of the United Kingdom reduced the balance of the $700 million interest-free loan granted under the provisions of the War Appropriation (United Kingdom Financing) Act, 1942 by $30 million as arranged under the terms of an agreement entered into on August 13, 1953, between the Governments of the United Kingdom and Canada. The balance outstanding at March 31, 1958 was $23 million. Under the terms of the agreement the loan is to continue to be free of interest until December 1958.

The Government of the United Kingdom deferred the payment of principal and interest on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, the principal outstanding at the close of the year remaining at $1,097 million. The deferment of principal and interest was by an agreement between the Government of Canada and the Government of the United Kingdom that was approved by a 1957 Act to amend the United Kingdom Financial Agreement Act, 1946. The agreement, which became effective April 29, 1957, permits the United Kingdom in lieu of any right of waiver hitherto existing to defer after December 31, 1956, seven instalments of principal and interest under certain conditions. The first of any such deferred instalments is payable on December 31, 2001, and the others annually thereafter, in order.

Repayments of advances under part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada amounted to $20 million for the year, as shown in the preceding table.

Other loans and investments

Other loans and investments, consisting of Canada's subscription to the capital of the international monetary fund, the international bank for reconstruction and development and the international finance corporation, advances and loans to international organizations, loans to provinces and municipalities, veterans and miscellaneous loans and balances receivable, amounted to $658 million an increase of $3 million over the previous year.

The balances of the main accounts in this category together with the changes during the year are shown in the following table:

TABLE 39

(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or Decrease (−)
	1958 (Preliminary)	1957	
Subscriptions to capital of, working capital advances and loans to, international organizations—			
Canada's subscription to capital of—			
International monetary fund	296.0	290.9	5.1
International bank for reconstruction and development	70.9	70.9	.....
International finance corporation	3.5	3.5	.....
Working capital advances and loans to international organizations	2.2	2.5	−0.3
	372.6	*367.8*	*4.8*
Loans to provincial governments—			
Alberta	9.2	9.6	−0.4
British Columbia	17.9	18.7	−0.8
Manitoba	15.0	15.6	−0.6
Nova Scotia	0.1	0.1	.....
Prince Edward Island	0.1	0.1	.....
Saskatchewan	24.4	25.6	−1.2
	66.7	*69.7*	*−3.0*
Veterans Land Act advances	154.0	157.2	−3.2
Miscellaneous—			
Acquisition of land to control properties in the vicinity of main terminal airports	6.8	2.8	4.0
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	7.1	3.9	3.2
Balances receivable under agreements of sale of Crown assets	22.0	26.4	−4.4
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	2.2	2.3	−0.1
Crown Assets Disposal Corporation—			
Government equity in agency account	5.0	6.6	−1.6
Dominion Coal Company Limited	5.2	4.8	0.4
Municipal Improvements Assistance Act, 1938	2.4	2.6	−0.2
New Westminster Harbour Commission	2.4	2.4	.....
Other	11.6	8.6	3.0
	64.7	*60.4*	*4.3*
	658.0	655.1	2.9

The accounts of the international monetary fund are maintained in terms of United States dollars. In order to keep the government's subscription at the required amount, that portion represented by the Canadian dollar balances is revalued quarterly and any settlement required is made annually as at April 30, the end of the fund's fiscal year. The increase of $5 million during the fiscal year reflected the settlement at April 30, 1957 and the subsequent quarterly adjustments due to the revaluation of the Canadian dollar balances.

Loans to provincial governments were reduced by $3 million reflecting payments by the governments concerned.

Advances under the Veterans Land Act decreased by $13 million during the year. However, as there was also a decrease of $10 million in the reserve for conditional benefits under the Veterans Land Act, the net decrease was $3 million.

Miscellaneous loans and investments increased by $4 million during the year. The main changes in this category were increases of $4 million in the acquisition of land to control properties in the vicinity of main terminal airports, $3 million in loans under the assisted passage scheme and $3 million in other accounts and decreases of $4 million in balances receivable under agreements of sale of Crown assets, reflecting repayments received on previous agreements, and $2 million in the government equity in the agency account of the Crown Assets Disposal Corporation.

Securities held in trust

This is a new category set up to record the security holdings of various deposit and trust and annuity, insurance and pension accounts that were formerly shown as deductions from the liability and, also, to record bonds and certified cheques held in connection with contractors' securities deposits listed under deposit and trust accounts. The balance at March 31, 1958 was $22 million.

Province debt account arising out of 1952 tax-rental agreements

Under the 1952 agreements, at their termination, payments were to be recalculated using revised G.N.P. and population figures based on the 1956 census. The revised G.N.P. figures did not differ materially from those originally used, but the census revealed an increased national population and thus a smaller G.N.P. per capita. This coupled with an over-estimation of population for Newfoundland, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan, would have resulted in substantial overpayments to those provinces had the fourth quarterly instalments been paid on March 31, 1957. However, under the agreements quarterly instalments were not required on March 31, 1957, being replaced in the agreements' final year by terminal payments payable not later than April 30, 1957, which were to adjust any over- or under-payments made during the period of the agreements. In the terminal settlement, all underpayments were adjusted. As those provinces that had been overpaid would have suffered severe budgetary strain had the overpayments been recovered in their entirety from the terminal payment, the federal government agreed to amend the 1952 tax agreements and make remittances equivalent to the full quarterly payments. Any overpayment was to be recovered by equal monthly deductions from the payments accruing to the provinces concerned under the 1957 tax-sharing arrangement. The five provinces which had received overpayments subsequently signed Memoranda of Agreement amending their 1952 agreements to give effect to the above.

The overpayments amounted to $5 million. During the course of the fiscal year $1 million was recovered leaving a balance of $4 million due at March 31, 1958. The outstanding overpayments bear no interest.

Deferred charges

This category consists of the residual balance of discounts and commissions, redemption bonuses and conversion premiums on loan flotations that have not been amortized or written off to expenditure.

The balance of the unamortized bond discount and commission account increased from $64 million on March 31, 1957 to $77 million at March 31, 1958. The net increase of $13 million during the fiscal year reflected the amount by which the aggregate of payments of $42 million charged to the account for

commissions and discounts on new loans and $5 million representing the unamortized portion of the discount on treasury bills issued in 1957–58 and maturing in 1958–59 (which will be charged to interest on public debt in 1958–59) exceeded the annual amortization charges of $34 million. This latter amount included $8 million charged to interest on public debt representing the unamortized discount of treasury bills issued in 1956-57 and maturing in 1957-58.

Unamortized portion of actuarial deficiency in the superannuation account

There was no change during the fiscal year in the unamortized portion of the actuarial deficiency in the superannuation account (that portion of the government's liability in respect of the superannuation account that has not been charged to budgetary expenditure); the balance at March 31, 1958 remained at $139 million.

Suspense accounts

The decrease of $9 million in this category was due almost entirely to the adjustment of the government's Canadian dollar equity in the international monetary fund. The accounts of the fund are maintained in terms of United States dollars. In order to keep the government's subscription at the required amount, that portion represented by Canadian dollar balances is revalued quarterly and any settlement required is made annually as at April 30, the end of the fund's fiscal year. The annual settlement with the fund at April 30, 1957 reduced the balance in this account from $8 million at the beginning of the fiscal year to nil at April 30, 1957. Due to the decreased value of the Canadian dollar in terms of the United States dollar, subsequent quarterly adjustments are reflected in the liability suspense category. The remainder of the decrease was due to a reduction in the temporary loans made by the Minister of Finance to the old age security fund. Parliament will be asked to authorize writing off to expenditure in 1957–58 the outstanding temporary loans of $104 million.

Capital assets

Capital assets which consist of assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditures at the time of acquisition or construction, are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and advances

This category records those loans and advances which are not currently revenue-producing or realizable. At March 31, 1958 the balance was $91 million and included the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 and $7 million made to Roumania and Greece in 1919-20 and 1920-21 and advances of $11 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited), an increase of $1 million over 1956-57.

Reserve for losses on realization of assets

There was no change in the reserve for losses on realization of assets during the year; the balance at March 31, 1958 was $546 million, unchanged from the end of the previous year.

C. Increase in Net Debt

The budgetary deficit of $39 million for the fiscal year 1957-58 plus an adjustment of $1 million in respect of prior years' transactions resulted in an increase of $40 million in the net debt of Canada from $11,008 million at March 31, 1957 to $11,048 million at March 31, 1958.

The adjustment of $1 million in respect of prior years' transactions reflected increases in the recorded liabilities in the civil service insurance, returned soldiers insurance and veterans insurance accounts of the amount by which these balances were below the actuarial liability as at March 31, 1957, as calculated by the Department of Insurance.

5. THE CASH POSITION

The government's cash position is affected not only by the budgetary transcations explained in some detail in preceding sections but also by non-budgetary transactions and changes in the government's outstanding unmatured debt. Although there was a budgetary deficit of $39 million in 1957–58, the government's bank balances declined by $164 million during the same period. This decrease was the net result of the budgetary deficit of $39 million, a cash requirement of $124 million for non-budgetary transactions and a reduction of $1 million in outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts).

Non-budgetary receipts and credits relate to transactions which result in increases or decreases in the government's assets and liabilities and do not appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit. However, in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact on the economy, non-budgetary as well as budgetary transactions must be taken into account.

The increases or decreases in the government's assets and liabilities have been described in detail in the section entitled "Statement of Assets and Liabilities of Canada". On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liabilities side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes the non-budgetary transactions for 1957–58 and indicates how they, together with the budgetary transactions and changes in the unmatured debt position, affected the government's cash position. For purposes of comparison, the corresponding figures for 1956–57 are also shown.

TABLE 40

(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1958 (Preliminary)	1957
Non-Budgetary Receipts and Credits (excluding unmatured debt transactions)—		
Repayments of loans, investments and working capital advances (net)—		
Exchange fund	46.0	−71.0
Canadian National Railways	10.6	−172.1
United Kingdom (1942 loan)	30.0	30.0
United Kingdom (1946 loan)	.....	15.5
Other national governments	21.1	25.7
Provincial governments	3.0	3.4
Veterans Land Act	13.5	11.4
Other	3.5	14.1
	127.7	*−143.0*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	18.7	22.8
Government contribution to maintain reserve	1.2	.....
Interest paid by government	38.4	36.3
	58.3	*59.1*
Net insurance and pension account receipts—		
Employee contributions less payments to beneficiaries	32.9	28.2
Government contributions	129.8	120.9
Interest paid by government	59.3	50.9
	222.0	*200.0*
Net reduction in temporary loans to old age security fund	1.5	48.5
Net receipts in sundry other accounts	37.7	40.6
Reduction in unamortized portion of superannuation account liability	.....	50.0
Addition to reserve for possible losses on assets	.....	50.0
	447.2	305.2
Non-Budgetary Disbursements and Charges (excluding unmatured debt transactions)—		
Loans, investments and working capital advances (net)—		
Agricultural commodities stabilization account	5.7	−12.3
Atomic Energy of Canada Limited	3.2	9.1
Canadian Farm Loan Board	14.3	9.3
Central Mortgage and Housing Corporation	107.5	− 4.1
Government of India	16.2	.....
National Harbours Board	11.1	7.2
Northern Canada Power Commission	6.9	0.3
Northern Ontario Pipe Line Crown Corporation	70.5	0.3
The St. Lawrence Seaway Authority	94.5	56.0
Other	15.2	24.7
	345.1	*90.5*
Net payments from special defence accounts	7.7	44.4
Net payments from Colombo plan fund	5.5	−13.4
Net increase in unamortized loan flotation costs	12.7	7.0
Net decrease in current and demand liabilities	128.1	−33.4
Net decrease in reserve for conditional benefits—		
Veterans Land Act	10.3	7.6
Net disbursements from sundry other accounts	61.8	36.7
	571.2	139.4
Net amount available from, or required for (−), non-budgetary transactions	−124.0	165.8
Add budgetary surplus or *deduct* budgetary deficit	− 39.4	257.5
Overall cash available for debt reduction or increase in cash balances	.....	423.3
Overall cash requirements to be financed by an increase in debt or decrease in cash balances (−)	−163.4	.....
Net increase or decrease (−) in unmatured debt outstanding in the hands of the public—		
Unmatured debt	−123.3	−1,039.2
Securities investment account	124.2	517.3
Sinking funds	−1.4	(1)
	−0.5	*−521.9*
Net increase or decrease (−) in Receiver General bank balances	−163.9	−98.6

(1) Less than $50,000.

As the table shows, non-budgetary receipts and credits for 1957–58 (excluding unmatured debt transactions) totalled $447 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) amounted to $571 million, resulting in a net amount of $124 million required for non-budgetary transactions. As there was a budgetary deficit of $39 million, $163 million was required to be financed by an increase in unmatured debt or a decrease in cash balances. In 1956–57 there was $166 million available from non-budgetary transactions and this together with the budgetary surplus of $258 million made $424 million available for debt reduction or increase in cash balances.

Non-budgetary receipts and credits totalled $447 million in 1957–58. Repayments of loans, investments and working capital advances were $128 million and included $30 million from the Government of the United Kingdom, $21 million from other national governments, and $11 million from Canadian National Railways (loans and advances of $284 million together with purchases of $22 million of 4 per cent preferred stock of the company were more than offset by repayments by the company of $295 million, of which $289 million was from the proceeds of a bond issue to the public, and $22 million that was charged to budgetary expenditure in respect of the company's 1957 operating deficit). Net government annuities account receipts were $58 million and net insurance and pension account receipts were $222 million. Temporary loans to the old age security fund were reduced by $2 million. Such loans outstanding at the first of the year were $2 million and during 1957–58 temporary loans to the fund amounted to $102 million. Parliament will be asked to authorize writing off to budgetary expenditure in 1957–58 the outstanding temporary loans of $104 million. Net receipts and credits in various other accounts amounted to $38 million.

Non-budgetary disbursements and charges amounted to $571 million. Loans, investments and working capital advances totalled $345 million and included $6 million to the agricultural commodities stabilization account in connection with the purchase and sale of agricultural commodities after allowing for a charge to budgetary expenditure of $6 million, which parliament will be asked to authorize, in respect of the loss on operations for 1957–58, $14 million to Canadian Farm Loan Board for the purpose of making loans to farmers, $107 million to Central Mortgage and Housing Corporation for the purpose of making housing loans, $16 million to the Government of India for the purchase of Canadian wheat, $70 million to Northern Ontario Pipe Line Crown Corporation for financing the Northern Ontario section of the natural gas pipe line, and $95 million to The St. Lawrence Seaway Authority for the dredging and construction of the seaway. Other non-budgetary disbursements and charges totalled $226 million and included $8 million for net payments from the special defence accounts and $128 million for the net decrease in current and demand liabilities (such as outstanding cheques and outstanding matured debt).

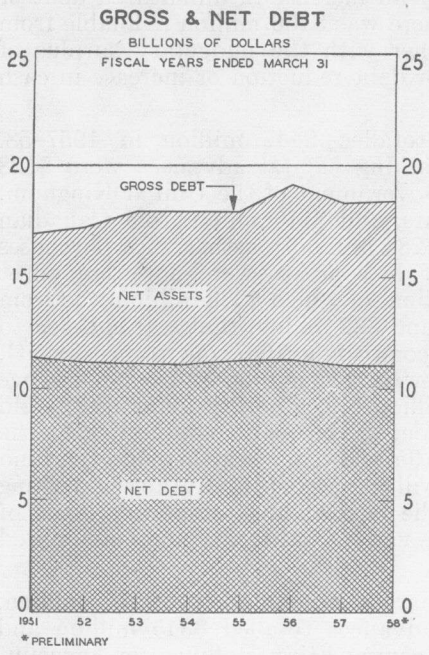
In summary, unmatured debt outstanding in the hands of the public was reduced $1 million after taking into account transactions in the securities investment and sinking fund accounts. As budgetary and non-budgetary transactions required financing in the amount of $163 million, cash balances on deposit with the banks were drawn down by $164 million.

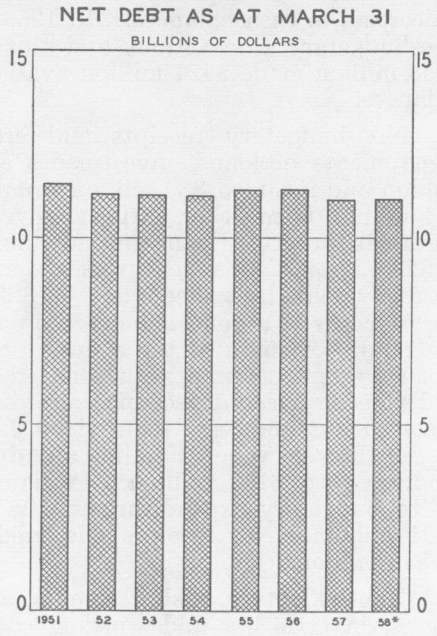
6. THE PUBLIC DEBT

Gross and net debt

During the fiscal year ended March 31, 1958 the gross public debt increased by $42 million to $18,368 million.

This increase was made up of a decrease of $123 million in unmatured debt, and an increase of $165 million in other liabilities. The government's recorded net assets increased during the year by $2 million. The net debt thus increased by $40 million to $11,048 million.





The following table shows the relationship between the gross public debt, the unmatured debt and the net debt at the end of each fiscal year, 1948-49 to 1957-58 inclusive.

TABLE 41

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED ASSETS AND NET DEBT OF CANADA

(in millions of dollars)

As at March 31	Gross public debt			Less recorded net assets	Net debt	Increase or decrease (—) in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1949	15,585.0	1,365.4	16,950.4	5,174.3	11,776.1	—595.5
1950	15,188.1	1,562.7	16,750.8	5,106.1	11,644.6	—131.5
1951	15,026.8	1,896.5	16,923.3	5,490.0	11,433.3	—211.3
1952	14,695.4	2,562.3	17,257.7	6,072.4	11,185.3	—248.0
1953	14,810.5	3,108.0	17,918.5	6,756.8	11,161.7	—23.6
1954	14.576.2	3,347.0	17,923.2	6,807.3	11,115.9	—45.8
1955	14,496.5	3,455.0	17,951.5	6,688.4	11,263.1	147.2
1956	15,407.6	3,716.6	19,124.2	7,843.8	11,280.4	17.3
1957	14,368.4	3,957.8	18,326.2	7,318.5	11,007.7	—272.7
1958 (Preliminary)	14,245.1	4,123.2	18,368.3	7,320.0	11,048.3	40.6

Unmatured debt

The total unmatured debt of Canada at March 31, 1958 was $14,245 million. This was $123 million less than that at the end of the previous fiscal year. During the same period the government's holdings of securities in the sinking fund and securities investment accounts decreased by $122 million, resulting in a net decrease of $1 million in the amount of outstanding unmatured debt.

Summary of security issues and redemptions during the year

During the fiscal year 1957–58 the government issued securities payable in Canadian dollars in the principal amount of $2,527 million (excluding the refunding of treasury bills which mature periodically) and redeemed or converted issues in the amount of $2,650 million (including the redemption of treasury bills in the amount of $100 million) all payable in Canadian dollars.

Redemptions were financed as follows:

(in millions of dollars)

By issue of Canada savings bonds, series 12 (net)	1,177
By refunding and conversion	1,350
By available cash	123
	2,650

The net decrease in unmatured debt as a result of these transactions was $123 million. There was no change during the year in the unmatured debt payable in U.S. dollars and sterling. At March 31, 1958 the amount payable in New York was $300 million and the amount payable in London was $52 million.

Details of redemptions and new issues of securities during the fiscal year are set out in the following tables:

TABLE 42

REDEMPTION OF DEBT DURING FISCAL YEAR ENDED MARCH 31, 1958

MATURITY	Interest rate	Where payable	Amount
	per cent		$
June 15, 1957	2¼	Canada	150,000,000
October 1, 1957	2	Canada	700,000,000
December 15, 1957	2¼	Canada	250,000,000
May 1, 1958(1)	2	Canada	224,522,000
May 1, 1958(1)	3	Canada	175,478,000
Canada savings bonds series 2-11	2¾–3¾	Canada	1,050,249,700
Treasury bills	various	Canada	100,000,000
			2,650,249,700

(1) Converted to 3% bonds dated December 15, 1957 due December 15, 1960.

Net sales of Canada savings bonds, series 12 (which were withdrawn from sale on December 31, 1957) amounted to $1,177 million and net redemptions of Canada savings bonds, series 2 to 11 (of which series 2 matured on November 1, 1957) were $1,050 million. The net increase during the year for all series was $127 million and the amount outstanding at March 31, 1958 was $2,547 million compared with $2,420 million at the close of the previous fiscal year.

The amount of treasury bills outstanding at the end of the fiscal year was $1,525 million or $100 million less than at March 31, 1957.

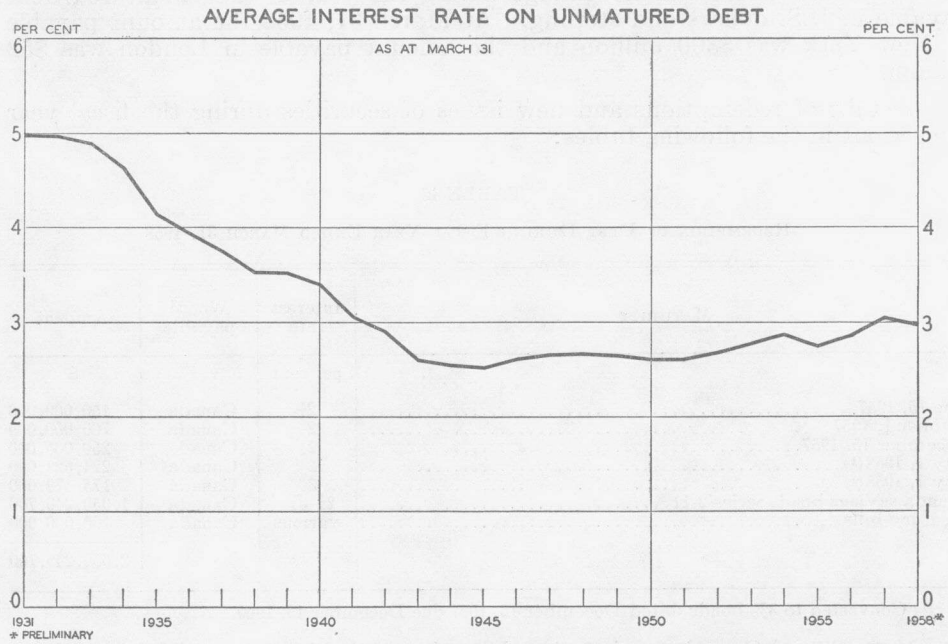
TABLE 43

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1958

DESCRIPTION	Price to government	Yield at price to government	Total amount issued	Renewals or conversion included in amount issued	Amount issued for cash
		per cent	$	$	$
Issued to general public–					
Bonds 3% Oct. 1/57–Oct. 1/58.....	98.00	5.08	400,000,000	400,000,000	.....
Bonds 3% Oct. 1/57–Oct. 1/59.....	96.00	5.13	300,000,000	300,000,000	.....
Bonds 3% Dec. 15/57–Oct. 1/59.....	98.40	3.93	250,000,000	250,000,000	.....
Bonds 3% Dec. 15/57–Dec. 15/60....	97.35	3.95	400,000,000	400,000,000	.....
Canada savings bonds series 12, 3¼ to 4¾% Nov. 1/57—Nov. 1/70.....	99.00	4.56	1,176,940,400	.....	1,176,940,400
			2,526,940,400	1,350,000,000	1,176,940,400

Interest rates

During the first five months of the year interest rates generally continued to rise and reached a peak during August. Subsequently, rates dropped considerably and continued the downward trend to the end of the fiscal year. The average interest rate on the government's unmatured debt at March 31, 1958 was 2.98 per cent compared with 3.05 per cent at the end of the previous fiscal year and 2.60 per cent at March 31, 1951.



Treasury bill yields reflected a trend similar to that of general interest rates. The yield on three-month bills on April 5, 1957 was 3.69 per cent. In August 1957 the yield rose to a high of 4.08 per cent declining to a low of 2.27 per cent on the last issue of the fiscal year.

The following table shows the high and low yields together with the yield on the last issue for the fiscal year 1947–48 to 1957–58 inclusive on three-month bills:

TABLE 44

TREASURY BILL YIELDS

FISCAL YEAR	Three-month bills		
	High	Low	Last issue
	per cent	per cent	per cent
1947–48	.41	.41	.41
1948–49	.45	.41	.45
1949–50	.51	.49	.51
1950–51	.75	.51	.75
1951–52	.94	.75	.94
1952–53	1.52	.96	1.52
1953–54	1.97	1.51	1.59
1954–55	1.62	.78	1.13
1955–56	2.64	1.08	2.64
1956–57	3.81	2.40	3.70
1957–58	4.08	2.27	2.27

Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, or as to interest only, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The government's liability under its guarantee of insured loans under the National Housing Act, 1954 was $1,395 million at December 31, 1957 compared with $122 million at December 31, 1954 and $1,061 million at December 31, 1956.

The following tables give details of the bonds and debenture stocks guaranteed by the government, and also indicate the nature and approximate extent of the government's other guarantees and contingent liabilities:

TABLE 45

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1958

Date of Maturity	Issue	Interest rate	Estimated amount outstanding
		per cent	$
July 20, 1958	Canadian Northern	3½	5,500,208
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	316,856
May 19, 1961	Canadian Northern Ontario	3½	2,069,805
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
Feb. 1, 1963	Canadian National	2¾	250,000,000
Jan. 3, 1966	Canadian National	3	35,000,000
Jan. 2, 1967	Canadian National	2¾	50,000,000
Sept. 15, 1969	Canadian National	2⅞	70,000,000
Jan. 16, 1971	Canadian National	2⅞	40,000,000
Feb. 1, 1974	Canadian National	3¾	200,000,000
June 15, 1975	Canadian National	2¾	6,000,000
Feb. 1, 1981	Canadian National	4	300,000,000
Perpetual	Grank Trunk debenture stock	5	51,190
Perpetual	Grand Trunk debenture stock	4	5,054
			1,028,407,317

TABLE 46

Other Outstanding Guarantees and Contingent Liabilities	Amount outstanding (Preliminary)
	$
Deposits maintained by the chartered banks in the Bank of Canada (March 31, 1958)	579,472,661
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Indeterminate
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements (December 31, 1957)	3,443,083
Insured loans made by approved lenders under the National Housing Act, 1954 (December 31, 1957)	1,394,635,167
Guarantees to owners of returns from moderate rental housing projects	Indeterminate
Guarantees under the Export Credits Insurance Act Part I (March 31, 1958)	64,545,993
Guarantees under the Exports Credits Insurance Act Part II (March 31, 1958)	3,825,000
Loans made by chartered banks under the Farm Improvement Loans Act (March 31, 1958)	39,117,850
Loans made by chartered banks under The Veterans' Business and Professional Loans Act (March 31, 1958)	677,847
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1956 (March 31, 1958)	941,821
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act (March 31, 1958)	72,773
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1951 (March 31, 1958)	283
Loans made by chartered banks to Canadian Wheat Board (March 31, 1958)	103,065,754
Loans made by chartered banks under the Prairie Grain Advance Payments Act (March 31, 1958)	21,855,285

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

UNMATURED DEBT

The Budget—Appendix

STATEMENT OF REVENUES FOR LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1953–54	1954–55	1955–56	1956–57	Preliminary 1957–58
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal (1)	1,187.7	1,183.4	1,185.6	1,400.5	1,499.2
Corporation (1)	1,191.2	1,020.6	1,027.7	1,268.3	1,234.8
On dividends, interest, etc. going abroad	53.8	61.3	66.2	76.4	64.3
	2,432.7	*2,265.3*	*2,279.5*	*2,745.2*	*2,798.3*
Excise taxes—					
Sales taxes (1) (2)	587.3	572.2	641.5	717.1	703.2
Other excise taxes—					
Automobiles	94.7	73.2	76.2	79.7	72.3
Beverages (soft drinks)	11.7	8.2	8.7	9.0	0.6
Candy and chewing gum	12.8	9.9	9.2	9.8	0.7
Cigarettes, cigars and tobacco	113.2	114.5	126.9	132.3	142.4
Electrical appliances	5.1	0.4	.....	.....	.....
Furs	3.7	0.1	.....	.....	.....
Jewellery, watches, ornaments, etc.	7.2	4.8	5.0	6.1	5.3
Matches and lighters	1.4	0.9	0.9	0.8	0.9
Television sets, radios, tubes and phonographs	16.8	21.5	22.8	19.0	16.9
Tires and tubes	11.4	8.6	0.8	.....	.....
Toilet preparations	7.1	5.2	5.6	6.1	6.3
Trunks, bags, luggage, etc	3.5	0.4	.....	.....	.....
Wines	2.2	2.4	2.5	2.6	2.7
Sundry commodities	6.4	2.3	2.1	2.3	1.4
Licences, interest and miscellaneous	0.4	0.4	0.4	0.5	0.6
Less refunds	−1.6	−0.8	−0.4	−1.1	−0.7
	296.0	*252.0*	*260.7*	*267.1*	*249.4*
Customs duties	407.3	397.2	481.2	549.1	498.1
Excise duties—					
Spirits, malt and beer	133.0	130.1	141.9	153 4	171.8
Cigarettes, cigars and tobacco	97.0	100.8	110.4	121.1	131.6
Less refunds	−3.3	−4.4	−2.9	−3.1	−3.3
	226.7	*226.5*	*249.4*	*271.4*	*300.1*
Succession duties	39.1	44.8	66.6	79.7	71.6
Tax on insurance premiums	13.8	14.5	15.5	16.7	0.1
Miscellaneous tax revenue	0.7	1.0	1.3	1.6	1.4
Total tax revenues	4,003.6	3,773.5	3,995.7	4,647.9	4,622.2
NON-TAX REVENUES—					
Post office—net postal revenue	111.0	131.3	137.4	145.8	152.9
Return on investments	152.1	134.0	149.3	206.6	169.5
Other	129.6	84.7	117.6	106.2	102.5
Total non-tax revenues	392.7	350.0	404.3	458.6	424.9
TOTAL REVENUE	4,396.3	4,123.5	4,400.0	5,106.5	5,047.1

(1) Excluding tax credited to the old age security fund—

	1953–54	1954–55	1955–56	1956–57	Preliminary 1957–58
2% personal income tax	90.7	100.9	102.5	125.0	135.0
2% corporation income tax	55.6	46.0	53.3	67.3	60.7
2% sales tax	146.8	143.1	160.4	179.3	175.8

(2) Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1953–54	1954–55	1955–56	1956–57	Preliminary 1957–58
	$	$	$	$	$
Agriculture—					
Administration and general	0.9	1.0	1.0	1.2	1.4
Science service	8.2	8.5	8.6	9.8	10.6
Experimental farms service	8.6	9.6	10.6	11.9	13.8
Production service	10.3	10.8	11.2	12.3	12.9
Marketing service	5.0	10.3	7.8	6.6	7.4
Rehabilitation and reclamation projects	14.8	12.6	11.9	13.6	12.4
Freight assistance on western feed grains	17.0	19.0	16.0	17.5	17.5
Premium on hog carcasses suitable for export to United Kingdom	4.7	5.1	5.9	5.7	5.5
Net operating loss—agricultural commodities stabilization account	37.7	3.1	5.8	5.0	6.0
Deficit—prairie farm emergency fund	.....	.....	8.4	.....	5.9
Other expenditure	1.2	1.8	1.0	1.0	1.3
	108.4	*81.8*	*88.2*	*84.6*	*94.7*
Atomic Energy	12.7	15.0	19.0	21.9	21.6
Auditor General's Office	0.6	0.7	0.7	0.7	0·8
Canadian Broadcasting Corporation—					
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	16.7	20.8	23.1	19.3	16.8
Grant towards the anticipated operating deficit and capital expenditures of the radio broadcasting and television services	6.3	6.3	6.3	18.3	24.4
International service	2.0	2.1	1.8	1.7	1.8
	25.0	*29.2*	*31.2*	*39.3*	*43.0*
Office of the Chief Electoral Officer	5.5	0.3	0.4	0.2	13.6
Citizenship and Immigration—					
Administration and general	1.7	1.7	2.8	2.2	2.5
Immigration branch	7.3	8.3	8.0	18.6	22.0
Indian Affairs branch	16.5	18.0	21.5	23.7	27.9
	25.5	*28.0*	*32.3*	*44.5*	*52.4*
Civil Service Commission	2.1	2.3	2.4	2.7	3.2
Defence Production—					
Administration and general	10.1	9.2	9.6	10.5	10.2
Capital assistance to defence industry	37.8	9.7	6.5	10.0	4.7
	47.9	*18.9*	*16.1*	*20.5*	*14.9*
External Affairs	10.0	11.7	13.0	14.4	15.8
Membership in commonwealth and international organizations	2.9	3.1	3.1	5.8	4.3
Assistance to other countries and international organizations	32.8	29.0	28.8	40.0	40.1
	45.7	*43.8*	*44.9*	*60.2*	*60.2*
Finance—					
Departmental administration and general	6.4	6.2	6.7	8.0	7.3
Office of the Comptroller of the Treasury	13.7	14.9	14.9	16.0	17.5
Interest on public debt	476.1	477.9	492.6	520.2	539.3
Cost of issuing new loans and annual amortization of bond discounts and commissions	19.1	23.6	21.1	13.4	27.2
Servicing of public debt	0.6	0.8	0.6	0.5	0.6
Subsidies to provinces	20.1	20.4	20.3	20.6	20.6
Compensation to provinces—					
Tax-rental agreements, 1952 Act	309.2	327.4	319.6	365.9	.....
Tax-sharing arrangements, 1956 Act	.....	.....	.....	.....	353.3
Transfer of certain public utility tax receipts, under tax-rental agreements	6.8	7.3	7.9	6.6	7.4
Transitional grant to Newfoundland	4.8	3.9	3.1	2.3	1.4

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1953-54	1954-55	1955-56	1956-57	Preliminary 1957-58
	$	$	$	$	$
Finance—*concluded*					
Government contributions with respect to the superannuation account—					
General	16.4	37.4	31.5	31.6	33.8
Special	38.0	.....	.....	40.8	44.3
Reduction in actuarial deficiency in the superannuation account	.....	.....	.....	50.0	.....
Grants to municipalities in lieu of taxes on federal property	3.0	3.1	7.0	9.5	17.5
Grants to universities	5.2	5.4	5.5	16.0	16.6
Grant to Canada Council	.....	.....	.....	.....	100.0
Implementation of guarantees (Ming Sung Industrial Co. Ltd.)	1.6	1.5	.....	.....	.....
Premium, discount and exchange	.....	3.8	.....	1.4	.....
Commodity Prices Stabilization Corporation Limited	0.3	0.1	.....	.....	.....
Relief re Hurricane Hazel	.....	0.3	0.4	.....	.....
Provision for reserve for losses on realization of assets	50.0	.....	.....	50.0	.....
	971.3	*934.0*	*931.2*	*1,152.8*	*1,186.8*
Fisheries	9.3	11.2	12.4	13.8	16.4
Governor General and Lieutenant-Governors	0.4	0.4	0.4	0.4	0.4
Insurance	0.4	0.5	0.5	0.5	0.6
Justice	5.8	5.9	6.6	7.0	7.2
Office of the Commissioner of Penitentiaries	9.2	10.5	10.7	12.0	12.7
	15.0	*16.4*	*17.3*	*19.0*	*19.9*
Labour	9.6	9.4	9.0	9.5	11.2
Government annuities—amount required to maintain reserve	0.1	0.4	.....	.....	1.2
Unemployment Insurance Act, 1940—					
Administration and general	26.1	28.3	26.6	29.0	32.5
Government contribution	31.8	31.7	33.9	37.4	37.8
	67.6	*69.8*	*69.5*	*75.9*	*82.7*
Legislation—					
House of Commons	4.2	5.0	5.1	5.4	5.0
Library of Parliament	0.3	0.3	0.3	0.3	0.3
Senate	1.1	1.4	1.4	1.5	1.5
	5.6	*6.7*	*6.8*	*7.2*	*6.8*
Mines and Technical Surveys	13.0	16.4	17.6	17.5	18.7
Dominion Coal Board	10.3	11.8	11.3	9.7	8.8
Emergency gold mining assistance	15.2	15.5	9.3	8.7	8.6
	38.5	*43.7*	*38.2*	*35.9*	*36.1*
National Defence—					
General	0.3	0.3	0.5	0.5	0.8
Defence forces, Army, Navy and Air services	1,424.3	1,313.8	1,464.9	1,504.1	1,415.1
Mutual aid to NATO countries	300.2	260.0	175.0	133.6	118.4
Defence research and development	40.8	50.0	64.3	69.3	78.7
Pensions — payments under defence services pension act	5.1	5.2	5.3	5.6	5.8
Government contribution to permanent services pension account	35.2	36.7	40.1	46.3	49.7
	1,805.9	*1,666.0*	*1,750.1*	*1,759.4*	*1,668.5*
National Film Board	3.0	3.4	4.1	5.0	4.0
National Health and Welfare	28.0	28.6	29.1	33.5	38.7
General health grants	29.2	31.6	33.5	36.3	34.6
Family allowances	350.1	366.5	382.5	397.5	437.9
Old age assistance, blind and disabled persons allowances	23.2	24.2	29.5	30.5	39.7
Unemployment assistance	.....	.....	.....	7.9	8.2
Deficit—old age security fund	.....	45.8	63.3	56.0	103.9
	430.5	*496.7*	*537.9*	*561.7*	*663.0*
National Research Council	15.4	15.7	16.1	19.0	21.6
National Revenue	49.9	55.0	56.1	61.8	67.7

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1953–54	1954–55	1955–56	1956–57	Preliminary 1957–58
	$	$	$	$	$
Northern Affairs and National Resources	19.3	20.2	24.6	37.0	48.6
Post Office	113.6	123.6	127.4	140.0	153.3
Privy Council including Prime Minister's Office	3.7	3.8	3.9	3.9	3.9
Public Archives and National Library	0.4	0.4	0.5	0.6	0.6
Public Printing and Stationery	2.0	2.1	2.2	3.2	3.3
Public Works	101.5	112.7	126.0	140.5	156.6
Trans-Canada highway contributions	13.4	18.1	16.1	24.8	49.4
	114.9	*130.8*	*142.1*	*165.3*	*206.0*
Royal Canadian Mounted Police	33.9	35.5	36.6	43.4	47.4
Secretary of State	3.3	2.7	3.0	3.5	4.0
Trade and Commerce	16.5	17.5	17.6	23.6	23.7
Assistance re storage costs on grain	.....	.....	18.9	31.8	33.3
	16.5	*17.5*	*36.5*	*55.4*	*57.0*
Transport—					
Administration and general	4.2	7.0	8.1	8.3	8.7
Canal services	8.4	7.8	8.3	8.2	8.6
Marine services	20.3	21.3	20.6	26.9	32.7
Railway and steamship services	20.4	26.7	15.3	15.2	12.7
Maritime freight rates act	10.5	10.5	11.0	12.5	12.6
Air services	41.4	44.7	57.3	70.5	90.5
Canadian Maritime Commission	4.2	4.2	4.3	5.0	5.3
Deficits—					
Canadian National Railways	.....	28.8	.....	.....	22.0
Canadian National (West Indies) Steamships Limited	0.6	0.6	0.1	.....	0.6
Prince Edward Island car ferry and terminals	1.6	1.5	1.6	1.8	2.0
North Sydney—Port-aux-Basques ferry and terminals	2.2	2.2	2.4	5.4	6.0
Yarmouth—Bar Harbour ferry	.....	.....	.....	0.3	0.3
Non-active assets—					
National Harbours Board	4.2	3.9	3.0	4.1	4.8
	118.0	*159.2*	*132.0*	*158.2*	*206.8*
Veterans Affairs—					
Administration and general	4.9	5.0	4.9	5.4	5.6
Pensions	127.6	128.8	130.7	130.3	145.6
Treatment and welfare services	46.5	47.9	47.6	50.8	56.4
Hospital accommodation, additions, alterations and improvements	4.1	3.9	3.5	4.6	3.3
Veterans allowances, treatment allowances and other benefits	32.8	34.2	44.0	45.8	53.2
War service gratuities and re-establishment credits	8.9	6.0	3.6	2.4	1.8
Soldier settlement and veterans land acts	5.4	5.4	5.4	5.4	5.6
Provision for reserve for conditional benefits under veterans land act	8.5	8.9	8.8	6.8	5.2
	238.7	*240.1*	*248.5*	*251.5*	*276.7*
TOTAL EXPENDITURE	4,350.5	4,275.4	4,433.1	4,849.0	5,086.5

The Budget—Appendix

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1953–54	1954–55	1955–56	1956–57	Preliminary 1957–58
	$	$	$	$	$
LOANS TO, AND INVESTMENTS IN, CROWN CORPORATIONS					
Atomic Energy of Canada Limited	7.2	16.0	11.7	9.1	3.2
Canadian Broadcasting Corporation	4.7	3.0	8.4	Cr. 0.1	Cr. 0.3
Canadian Commercial Corporation	.....	.....	Cr. 4.0	Cr. 2.0	.....
Canadian Farm Loan Board	3.7	4.4	4.7	9.3	14.3
Canadian National Railways	Cr. 18.1	Cr. 93.4	170.7	172.1	Cr. 10.6
Canadian National (West Indies) Steamships Limited	.....	3.6	Cr. 0.2	Cr. 0.3	Cr. 0.2
Canadian Overseas Telecommunication Corporation	0.4	0.3	4.0	4.3	0.3
Central Mortgage and Housing Corporation	98.8	43.7	Cr. 10.4	Cr. 4.1	107.5
Commodity Prices Stabilization Corporation	Cr. 1.2	.....	.....	.....	.....
National Harbours Board	Cr. 0.6	1.0	Cr. 0.1	7.2	11.1
Northern Canada Power Commission	Cr. 0.4	Cr. 0.4	Cr. 0.4	0.3	6.9
Northern Ontario Pipe Line Crown Corporation	.....	.....	.....	0.3	70.5
Polymer Corporation Limited	Cr. 3.0	Cr. 4.0	.....	.....	.....
The St. Lawrence Seaway Authority	.....	1.3	20.2	56.0	94.5
Other Crown corporations	Cr. 2.8	0·4	0·4	Cr. 0.1	2.1
	88.7	Cr. 24.1	205.0	252.0	299.3
LOANS TO NATIONAL GOVERNMENTS					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	Cr. 53.6	Cr. 30.0	Cr. 30.0	Cr. 30.0	Cr. 30.0
The United Kingdom Financial Agreement Act, 1946	Cr. 14.6	Cr. 14.8	Cr. 15.2	Cr. 15.5	.....
Export Credits Insurance Act	Cr. 19.4	Cr. 23.6	Cr. 22.4	Cr. 21.9	Cr. 19.9
India—special loans to finance the purchase of wheat and flour from Canada	.....	.....	.....	.....	16.2
Other	Cr. 4.9	Cr. 2.9	Cr. 3.4	Cr. 3.8	Cr. 1.2
	Cr. 92.5	Cr. 71.3	Cr. 71.0	Cr. 71.2	Cr. 34.9
OTHER LOANS AND INVESTMENTS					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	.....	Cr. 29.1	6.3	Cr. 8.8	5.1
International Finance Corporation	.....	.....	.....	3.5	.....
Working capital advances and loans to international organizations	.....	1.7	.....	0.8	Cr. 0.3
Loans to provincial governments	Cr. 3.4	Cr. 3.4	Cr. 3.6	Cr. 3.4	Cr. 3.0
Miscellaneous—					
Balances receivable under agreements of sale of Crown assets	8.5	Cr. 8.0	11.8	7.8	Cr. 4.4
Veterans land act advances	Cr. 0.1	0.9	Cr. 0.6	Cr. 3.8	Cr. 3.2
Other	Cr. 0.7	3.6	2.2	2.8	8.7
	4.3	Cr. 34.3	16.1	Cr. 1.1	2.9
Sinking fund and other investments held for retirement of unmatured debt	74.2	89.0	20.0	.....	1.4
Net total of changes in loans and investments	74.7	Cr. 40.7	170.1	179.7	268.7

UNMATURED DEBT AND TREASURY BILLS AS AT MARCH 31, 1958 AND THE ANNUAL INTEREST THEREON

Date of maturity	Description	Rate per cent	Where payable	Amount of loan	Annual interest charges
1958, May 1	Loan of 1953.....T.9	3	Canada	124,522,000	3,735,660
May 1	Loan of 1955.....T.14	2	Canada	475,478,000	9,509,560
Oct. 1	Loan of 1957.....T.18	3	Canada	400,000,000	12,000,000
Nov. 1	Canada savings bonds 1948....S.3	2¾	Canada	(1) 14,303,700	393,352
1959, Jan. 1	Fifth victory loan 1943.....L.7	3	Canada	947,324,750	28,419,743
Oct. 1	Loan of 1957.....T.19	3	Canada	300,000,000	9,000,000
Oct. 1	Loan of 1957.....T.20	3	Canada	250,000,000	7,500,000
Nov. 1	Canada savings bonds 1949....S.4	2¾	Canada	(1) 21,695,100	596,615
1960, June 1	Sixth victory loan 1944.....L.9	3	Canada	1,165,300,350	34,959,011
Nov. 1	Canada savings bonds 1950....S.5	2¾	Canada	(1) 19,802,250	544,562
Dec. 15	Loan of 1957.....T.21	3	Canada	400,000,000	12,000,000
1962, Feb. 1	Seventh victory loan 1944.....P.3	3	Canada	1,315,639,200	39,469,176
Aug. 1	Canada savings bonds 1951....S.6	3½	Canada	(1) 80,294,200	2,810,297
1963, July 1	Loan of 1938.....	3¼	London	(2) 1,978,362	64,297
July 1	Loan of 1933/34.....	3	London	(2) 49,833,091	1,494,993
Aug. 1	Loan of 1948.....	3	New York	(3) 150,000,000	4,500,000
Aug. 1	Canada savings bonds 1952....S.7	3¾	Canada	(1) 94,655,400	3,549,578
Oct. 1	Eighth victory loan 1945.....P.5	3	Canada	1,295,819,350	38,874,581
1965, Nov. 1	Canada savings bonds 1953....S.8	3¾	Canada	(1) 376,298,000	14,111,175
1966, Sept. 1	Ninth victory loan 1945.....P.7	3	Canada	1,691,796,700	50,753,901
Nov. 1	Canada savings bonds 1954....S.9	3¼	Canada	(1) 195,878,300	6,366,045
1967, Nov. 1	Canada savings bonds 1955....S.10	3¼	Canada	(1) 199,591,150	6,486,712
1968, June 15	Loan of 1950.....P.9	2¾	Canada	350,000,000	9,625,000
1969, May 1	Canada savings bonds 1956....S.11	3¼—3½	Canada	(1) 367,956,850	12,892,427
1970, Nov. 1	Canada savings bonds 1957....S.12	3½	Canada	(1)1,176,940,400	38,250,563
1974, Sept. 1	Loan of 1949.....	2¾	New York	(3) 100,000,000	2,750,000
1975, Sept. 15	Loan of 1950.....	2¾	New York	(3) 50,000,000	1,375,000
1976, June 1	Loan of 1954.....T.11	3¼	Canada	300,000,000	9,750,000
1978, Jan. 15	Loan of 1953.....T.5	3½	Canada	100,000,000	3,750,000
1979, Oct. 1	Loan of 1954.....T.13	3¼	Canada	400,000,000	13,000,000
1998, Mar. 15	Loan of 1956.....T.15	3¾	Canada	250,000,000	9,375,000
Perpetual	Loan of 1936.....P.1	3	Canada	55,000,000	1,650,000
Various	Three month treasury bills.....	(4)2.27	Canada	1,525,000,000	34,617,500
				14,245,107,153	424,174,748
	Payable in Canada.....	.....	.....	13,893,295,700	413,990,458
	Payable in London.....	.....	.....	51,811,453	1,559,290
	Payable in New York.....	.....	.....	300,000,000	8,625,000
				14,245,107,153	424,174,748

(1) Preliminary.

(2) Conversion rate $2.80 to the pound sterling.

(3) Conversion rate $1.00 Can. to U.S. dollar.

(4) Rate of discount on bills sold March 28, 1958.

HOUSE OF COMMONS

Wednesday, June 18, 1958

The house met at 2.30 p.m.

NATIONAL CAPITAL PLAN

STATEMENT ON ACQUISITIONS OF LANDS TO ESTABLISH GREEN BELT

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to make an announcement at this time regarding the establishment of the green belt around the city of Ottawa. The government has now decided to recommend to parliament the necessary measures to make it possible for the crown to acquire ownership of what is known as the green belt around the nation's capital, so as to do what is possible to ensure that the development of the capital area over the long-term future will be in accordance with the national importance and significance of this city. To achieve these ends will require suitable general powers in a bill to establish the national capital commission, as well as to set up the authority over a period of several years for the crown to lend money to the commission to be invested in the purchase of the requisite lands for the purpose.

This project, as the house knows, was considered by a joint committee of the Senate and the House of Commons two years ago and approved by that committee, with the suggestion that the possibility of achieving this purpose by the use of provincial legislation should be further explored. The government has reached the conclusion that only the acquisition of the land by the crown under the authority of parliament offers any assured hope of achieving this important long-term objective which we believe the committee had in mind.

It has been suggested that the legislature of Ontario might pass legislation to establish this green belt, which would have the effect of taking from private owners of the lands, particularly within the confines of the green belt, the values they could get by developing it for purposes inconsistent with the restrictions necessary to achieve the purposes and aims of setting up the green belt. Such legislation might well give rise to valid arguments that the owners had a legitimate claim for compensation from the province of Ontario because of the effects on them of action taken to accomplish this national purpose. Such problems do not arise under the plan which the government proposes to place before parliament, under which the crown will buy the property and lease it subject to the restrictions necessary tc accomplish the purpose.

The details concerning the areas to be included in the green belt, the limitations of the use to which lands therein may be put, will be worked out for the approval of the government by the federal district commission after consultation with the local authorities concerned. Broadly speaking, the area and uses will be those placed before the joint committee in 1956. Some modifications will be desirable which have regard to the developments which have occurred since that time. The government wishes to be sure that local views as to the precise details shall be taken into account.

I should like to emphasize that this is a long-term project undertaken in the national interest. It is not a short-term one nor one that has been undertaken at the request of the local municipalities. Experience has shown that unless effectual control is exercised, cities tend to sprawl out into suburbs, resulting in what is called ribbon development, in a manner that is quite contrary to and inconsistent with the long-term planning that is necessary and essential if the capital of Canada is to be preserved and developed so that it will be a capital city of which this generation and succeeding generations can and will be proud.

By investing a reasonable sum now to acquire title to the lands on the boundaries of the city the people of Canada, through parliament, can be assured of that control which is necessary before further developments take place which may indeed result in action being taken too late. During the early years after the land is acquired the rents received for it may not be as much as the interest on the funds borrowed to purchase the lands in question, but the government is confident that over the long-term period the investment will be found to be worth while financially, as well as being necessary to achieve the important purpose which we and the people of Canada as a whole, I believe, have in mind and desire.

I would suggest that the details concerning this matter can best be discussed when the national capital bill is before the house, which I hope will be at a very early date.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I am sure the house will welcome the statement made by the Prime Minister. I know that those who have taken an immediate and direct interest in this problem will be very pleased with the action now being taken. This matter has been receiving attention for some considerable time. To see the realization of the green belt in concrete form is something that will, I am sure, meet with the approval of all who are concerned with the problem.

I should like to ask one question by way of clarification. I take it from the statement that it is intended that this matter be dealt with in the new bill replacing the Federal District Commission Act and not as a separate piece of legislation. Is that right?

Mr. Diefenbaker: That is the purpose we have in mind.

Mr. McIlraith: Thank you.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group welcome the very important announcement just made by the Prime Minister. As do other Canadians, we look forward to the building of a planned national capital of beauty which all Canadians will be proud of in the future. We will wish to look at the bill in detail when it is before the house to see that the legitimate interests of all property holders are maintained. We also express the hope that in the work as it goes forward attention will be given to the removal of slums within this area, and the development of the whole area not only in the interests of the people of the country generally but the residents of the national capital area.

Mr. J. O. Gour (Russell): Mr. Speaker, I thank the Prime Minister for this decision. It was decided in 1956 that this would be the best thing to do. I should merely like to ask whether the owners of land will be reasonably well paid for lands within the green belt that are purchased or expropriated. I also wish the name "green belt" would be changed.

ST. LAWRENCE SEAWAY

ANNOUNCEMENT OF PROPOSED TOLLS

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the St. Lawrence seaway authority of Canada and the St. Lawrence seaway development corporation of the United States in a simultaneous announcement today are making public the proposed tolls which may form the basis of recommendations to their respective governments to meet the requirements of the legislation of each country. The recommendations which were submitted by the Canadian tolls committee and by the United States tolls committee are in complete agreement.

The main features of the proposed toll structure are as follows: For each passage through the entire seaway, Montreal to or from lake Erie, a vessel will be assessed 6 cents per gross registered ton of vessel and in addition 42 cents per ton of bulk cargo and 95 cents per ton of general cargo carried. For each passage, Montreal to or from lake Ontario only, a vessel will be assessed 4 cents per gross registered ton of vessel and in addition 40 cents per ton of bulk cargo and 90 cents per ton of general cargo carried.

For partial transit of the new seaway facilities between Montreal and lake Ontario, where there are seven locks, the user will be charged 15 per cent of the applicable toll for each lock transited.

For each passage through the Welland canal only a vessel will be assessed 2 cents per gross registered ton of the vessel, and in addition 2 cents per ton of bulk cargo and 5 cents per ton of general cargo carried. In the Welland canal a partial transit will be assessed 50 per cent of the toll irrespective of the number of locks used.

The unit of weight for the collection of tolls on cargo will be a ton of 2,000 pounds.

Commercial vessels carrying passengers will be charged 50 cents per passenger for each lock transited between Montreal and lake Erie in addition to the vessel charge.

The charging of tolls on the Welland canal as part of the seaway in order to defray the capital cost of deepening as well as operating and maintenance expenses is a requirement of the St. Lawrence Seaway Authority Act passed without dissent by the parliament of Canada in 1951. The act pertains to a deep waterway between the port of Montreal and lake Erie.

The suggested tolls, according to the tolls committees, should be sufficient to meet all financial requirements as the anticipated traffic develops. It is believed by the members of the tolls committees that the revenue derived will provide for the annual cost of operation and maintenance of the new seaway facilities and of the Welland canal, and meet interest charges and amortize borrowed moneys over a period covering the next 50 years. They have estimated that in the first year of operation the traffic through the new portion of the seaway would approximate 25 million cargo tons but would rise gradually to 50 million tons by 1968. The latter figure has been used

for the 40 years after the development period, since this is considered to be the workable capacity of the facilities presently existing and under construction between Montreal and lake Erie. For the Welland canal the Canadian committee estimates the tonnage of cargo at 40 million tons in 1959 with a gradual increase to 60 million tons in 1968.

The traffic estimates of the committees anticipate a developmental period extending to 1968, that is a period of 10 years during which there may not be sufficient revenue to meet all the annual financial requirements. However, with the proposed tolls and the level of traffic which is anticipated beginning with the year 1968 they say that the annual revenues will be sufficient to compensate for the deficiencies incurred during the development period, and that all other financial requirements will be taken care of within the period of 50 years.

A simple method of toll collection is proposed based on the necessity of non-interference with prompt passage by any user. Provision is made for prior registration of any vessel and satisfactory security being given for the payment of charges either with the St. Lawrence seaway authority or with the St. Lawrence seaway development corporation, subsequent to which passage will be permitted. Toll collection and invoicing of accounts as well as the preparation of statistical data is proposed to be assigned to the St. Lawrence seaway authority. The St. Lawrence seaway development corporation has agreed to participate and share in the annual cost of these services. Charges will be billed to the owner or agent promptly and will be payable within seven days after the passage of the ship.

For through passage to or from Montreal and lake Ontario, the invoice will show two amounts to be paid: (1) in Canadian funds to cover the proportion applicable to the St. Lawrence seaway authority, which has been determined at 71 per cent of the total charges; and (2) the balance of the account, or 29 per cent, in United States funds, representing the proportion applicable to the St. Lawrence seaway development corporation, payable at any designated bank in Canada or in the United States. Tolls collected for use of the Welland canal will be for the St. Lawrence seaway authority account and payable in Canadian dollars. The committees stated that the division of tolls indicated above is based upon current figures of estimated capital and operating costs, and can be subject to variation as actual costs are determined.

The reports stated that the projection of traffic volume and financial requirements has been made, bearing in mind the legislative requirements on the one hand and on the other the desirability of establishing tolls which in the early years will be conducive to the development of traffic. If future events should indicate that traffic conditions or future financial requirements have been either overestimated or underestimated, the necessary adjustments can be made in the toll structure.

Bulk cargo as defined in the proposed tariff will include such commodities as grain and grain products, loose or in sacks, ores and minerals as described, liquids in ships' tanks, pulpwood, poles and logs, woodpulp, waste paper, iron and steel scrap and pig iron. Domestic package freight of each country will also take the bulk cargo rate. All commodities not included in the definition of bulk cargo will be classified as general cargo.

The recommendations of the Canadian tolls committee, together with supporting statistical data, are being made public concurrently.

In accordance with the requirements of their legislation, the St. Lawrence seaway development corporation will hold public hearings at Washington on August 6, 1958, at which interested parties will have an opportunity to express their views on the proposed charges. The St. Lawrence seaway authority, as a matter of policy, will hold public hearings at Ottawa commencing the same day.

Those intending to appear at Ottawa should advise the acting secretary of the St. Lawrence seaway authority, Ottawa, of their intention to make representations, and should also submit 10 copies of their briefs at least 10 days before the date of the hearing.

Mr. Speaker, I believe that hon. members will wish to know the total effect of this levy per bushel of grain or per ton of iron ore, etc. On a cargo of wheat moved from Fort William to Montreal we expect that savings of at least 4 cents a bushel will be realized after allowances for the toll charges. For the movement of iron ore, as there are no published freight rates it is impossible to state the exact saving which will be made. However, the evidence is that the savings through the avoidance of transshipment, and use of large ships, will be far in excess of the levy of 46 cents per ton.

For all the wide range of other commodities that will be carried on the seaway similar savings will be realized, varying with the commodity and the particular conditions of its transport. These include bulk commodities such as coal, pulpwood and petroleum products, package freight—which as

domestic traffic is to be charged tolls at the same rate as bulk freight—and direct overseas traffic in general merchandise. Here again I can only point to the opportunities for savings which the seaway will provide, which indicate that the amount saved over and above the toll charges should be substantial.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I congratulate the minister and more particularly, if he will allow me to do so, the St. Lawrence seaway authority for the establishment of a tariff of tolls at this time. When the St. Lawrence seaway authority was established it had two things to do. The first was to build a 27-foot navigation canal from Montreal to lake Erie. The second was to establish a tariff of tolls, the latter being a matter of great importance and one which was extremely complicated.

That is why I would now like to say that I believe the St. Lawrence seaway authority as well as the St. Lawrence seaway development corporation should be commenced for the establishment of that toll in co-operation with each other. I am not in a position, of course, to pass judgment on the matter of tolls; that will require some study, but I would point out to the minister that I am glad he has made this statement because just on Monday of this week my colleagues the hon. member for Welland (Mr. McMillan) and the hon. member for Niagara Falls (Mr. Houck) complained about the fact that we were being given little or no information concerning the seaway, concerning the imposition of tolls and concerning the manner in which those tolls would be imposed. Now, while we have not been given all the information for which we have asked, we have been given some information and for that I am grateful to the minister.

I would also like to say that as I listened to the information on the various tolls mentioned by the minister, while I am not in a position to comment upon them they did appear to me to be attractive. However, whether they are low enough to be non-discriminatory to the industries which will be established along the seaway is a matter which will have to be studied by the bodies to which the minister has referred.

As the minister has said, the toll must be high enough to amortize the capital expenditures in connection with the seaway and must be low enough to encourage traffic. Are these tolls low enough to encourage traffic to move freely? I hope they are.

The questions which now come to my mind are, first, will the government seek the approval of the United States government with respect to this tariff of tolls; and second, will the board of transport commissioners hear applications—I now refer to complaints made on Monday by the two hon. members I mentioned previously—with respect to an industry which is being discriminated against? In other words, will the board of transport commissioners have jurisdiction to hear such cases, as outlined in section 15 of the St. Lawrence Seaway Authority Act, or will such cases fall under the jurisdiction of the St. Lawrence seaway authority?

There is one other point which I would like to raise, and this is by way of complaint. I made a complaint on Monday that unfortunately many of the statements which have been emanating from Washington should have emanated from this House of Commons. On at least three different occasions there have been complaints in this house on the part of both the hon. member for Welland and myself that the minister and the government should have given the information to the house and, instead of giving it to the house at the appropriate time, it came from Washington. I am informed on reliable authority that the statement which the hon. minister has just made was given to the press in Washington last night, and that newspapermen in the United States telephoned newspapermen in Canada asking them for their views on the tariff of tolls. The newspapermen in this country had not seen this tariff and were therefore not given an opportunity to consider the tolls. I know this is not the fault of the government but it is certainly the fault of someone, and it is a pretty serious fault because, since the tolls are so complicated, it barely gives our newspapermen a chance to report authoritatively on them.

I would therefore ask the minister why Canadian newsmen did not have the same opportunity as their colleagues in the United States to obtain information on these tolls at least 12 hours before the announcement was made, in order that they might have had an opportunity to prepare their reports.

Mr. Hees: I would like to answer the hon. member on that point. It was arranged between the Canadian and United States authorities that this release would be made simultaneously at 2.30 this afternoon. It was my understanding that this release was not to be handed to the press of either country until that time. It was our intention to give this release to the press in Canada simultaneously with my announcement in the house. However, the authorities in the United

States released copies last night, I understand. I was told of that this morning, and was advised that the release bore a release time of 2.30 p.m. today. As soon as I learned that this had been done, which was at about a quarter to twelve this morning, I immediately made arrangements that the statement should be released to the press of Canada at that time for their information with a release time firmly stated upon it of 2.30 this afternoon.

Mr. Chevrier: I am just wondering, Mr. Speaker, if my hon. friend realizes that this is about the third time within the last two or three months that this has happened.

Mr. Hees: I might answer the hon. member in this way. Any time that reports have come from Washington I have been as surprised and disturbed as he and other hon. members have been. I have made inquiries upon each occasion, and have been told that the statements have not been official statements and have not been connected with the members of the tolls committee or the American seaway development corporation, and I have accepted the explanation of the United States authorities in good faith.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, we welcome the statement by the minister. A reading of the *Congressional Record* in the last several months, especially the portions emanating from the House of Representatives, indicates there has been a great deal of misinformation in the United States house as to the part that Canada has played in the seaway and the respective weight of the burdens borne by the two countries, and concerning the whole definition of toll charges.

I hope the government will take the action which seemed to be called for in the remarks of the hon. member for Laurier, and that is to issue an aggressive statement on Canada's position in this whole question of tolls and the role we have played. In other words, the government should do something in the way of a public relations job in the United States and especially in Washington, to let them know the part Canada has played.

I take it from the minister's statement that any possibility of discriminatory clauses against foreign shipping has been completely ruled out. Of course I do not think this is a dead issue, and I hope some of the groups who present briefs to the meeting on August 6 will bring up that matter again, because it is a question that is not completely settled to the satisfaction of many people, especially those along the lake, despite the report of the royal commission on coastal shipping.

TRANSPORT

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, on Monday last, after the house had gone into supply, the estimates of three departments were called including those of the Department of Transport. At that time I asked leave to move that the estimates of that particular department be referred to the standing committee on railways, canals and telegraph lines. My friend the hon. member for Laurier suggested that this motion be allowed to stand until yesterday in order that he might discuss this proposal with the Leader of the Opposition.

Today, Mr. Speaker, I move, seconded by the hon. member for Royal (Mr. Brooks):

> That items numbered 414 to 430, inclusive, items numbered 433 to 441, inclusive, items numbered 444 to 472, inclusive, and items numbered 512 to 516, inclusive, as listed in the main estimates 1958-59; and items numbered 628 to 634, inclusive, items numbered 636 to 651, inclusive, and items numbered 661 and 662, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Transport be withdrawn from the committee of supply and be referred to the standing committee on railways, canals and telegraph lines, saving always the powers of the committee of supply in relation to the voting of public moneys.

That list excludes the five items which in the ordinary course are sent to a special sessional committee on government-owned railways and shipping. All items with the exception of those five are covered by the motion.

I merely point out again that this plan is being followed in the belief that the standing committee on railways, canals and telegraph lines will be able to thoroughly examine the estimates of the Department of Transport. There it will be possible to have officials of the department interrogated and a much more careful study made than is the case in the committee of the whole house. Of course, once the estimates have been considered by this standing committee they would then be referred back to the committee of supply, when they will all have to be passed by hon. members of the house sitting in committee. This is in line with the action we have taken—

Mr. Speaker: Order. As I understand the motion which the minister is making it is under standing order 57 and is not debatable. If the minister feels it necessary to make an extended explanation I would feel obliged to permit at least equivalent debate from hon. members on the other side of the house, so I warn the minister that the motion is not debatable.

Mr. Green: I am very sorry, Mr. Speaker. I will say no more.

Mr. Chevrier: Mr. Speaker, I was certainly under the impression that the motion could be debated, and I would like to say something at this time.

Mr. Speaker: That is not my understanding of the standing order under which the motion is made. Perhaps I should read the motion, which is as follows:

That items numbered 414 to 430, inclusive, items numbered 433 to 441, inclusive, items numbered 444 to 472, inclusive, and items numbered 512 to 516, inclusive, as listed in the main estimates 1958-59; and items numbered 628 to 634, inclusive, items numbered 636 to 651, inclusive, and items numbered 661 and 662, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Transport be withdrawn from the committee of supply and be referred to the standing committee on railways, canals and telegraph lines, saving always the powers of the committee of supply in relation to the voting of public moneys.

Hon. Lionel Chevrier (Laurier): Before Your Honour proceeds with the matter may I say that I am under the impression that this is a motion which requires notice, and I was rising not to protest against notice not being given, but to take advantage of the fact that notice was not given and to ask for permission to make a statement. The leader of the house has already made a rather lengthy statement, and I should like to be allowed to say something in reply, with the permission of the house.

Mr. Speaker: With the permission of the house it would be possible. As I understand it the motion comes under standing order 57, which reads:

A motion, to be decided without debate or amendment, may be made without notice during routine proceedings by a minister of the crown withdrawing any item or items in the estimates from the committee of supply and referring the same to any standing or special committee and, upon report from any such committee, the said item or items shall stand referred to the committee of supply.

This is a new rule in the last amendment and presumably it was designed specifically for the present purpose. Perhaps the minister did not understand when he made his statement. I daresay in the circumstances he and the house will agree to hear a brief statement from the hon. member for Laurier. Is that agreed?

Some hon. Members: Agreed.

Mr. Chevrier: I thank Mr. Speaker and the house. My purpose in rising, Mr. Speaker, is to object to the estimates of the Department of Transport being referred to the committee on railways, canals and telegraph lines. It seems to me that is a standing committee of the house established under one of the rules for an explicit purpose, namely to deal with matters concerning railways, canals, waterways, civil aviation and the like, which are referred to it from time to time by this house. It would seem to me that we should deal in the House of Commons in the committee of the whole with the estimates of the Department of Transport, which is a large spending department, as is the Department of Public Works.

That is one of the reasons why I think the estimates should remain here. Another reason is that I am afraid this committee is to be used for purposes other than those for which it was established. The suggestion was made very innocently the other day at the committee meeting that perhaps there could be called before that committee such witnesses as Mr. Donald Gordon, president of Canadian National Railways, and Mr. Gordon McGregor, president of T.C.A., to discuss matters concerning the affairs of the Canadian National Railways and T.C.A., when for years it has been the practice to deal with these matters in another committee.

Mr. Green: May I point out it is the intention this year to have the Canadian National Railways and the T.C.A. dealt with by another committee.

Mr. Chevrier: I am glad to hear that is the intention. It will give the house its usual opportunity of discussing these matters when the committee is established. But then there is another thing to which I feel I must strongly object, namely the intention of the committee on railways, canals and telegraph lines to establish itself as a study group and call officers and officials of the Department of Transport. I think that is getting away from the purpose of standing committees of this house. They are not established for the purpose of being used as study groups. If there are members in this house who feel that they want information there are several ways in which they can get that information other than by turning the committee on railways, canals and telegraph lines into a study group.

In conclusion, because I realize I am trespassing on the time of the house, I should like to quote just one short statement which may be found in *Hansard* of 1955, volume I, at page 968, when the house was dealing with the motion to refer estimates to the special committee on estimates:

I shall conclude with this observation. I believe it would be a mistake—and again the minister may correct me if I misunderstood him—to have a committee of supply examining departmental estimates in this chamber and at the same time a committee on estimates examining some other department in some other part of this building. We would have the main House of Commons and a minor house of commons operating at one and the same time.

It seems to me that would detract from one or the other, and my preference is to retain the discussion here in the House of Commons.

These were the words of the Minister of Trade and Commerce (Mr. Churchill). I could read the words of the Prime Minister (Mr. Diefenbaker) and of the hon. member for Greenwood (Mr. Macdonnell) but I will not trespass on the time of the house. All I need say is that at that time strong objection was taken to a motion of this kind. I do not believe it is possible to deal with these estimates properly in the committee on railways, canals and telegraph lines, which is set up for one purpose, rather than deal with them in the House of Commons which is the proper place for them. I ask the minister and the Prime Minister to recall what, if not he, at least the present leader of the house said on one occasion, namely that it was the responsibility of the committee established at the time to decide whether or not estimates would be considered by it. Now it is the house that is deciding without the consent of the committee. Apparently the purpose—

Mr. Green: May I ask the hon. member a question? Will he not admit that this referred to the committee on estimates?

Mr. Chevrier: Yes, but the principle—

Mr. Green: It is an entirely different thing.

Mr. Chevrier: Oh, no; the principle is exactly the same. What was being done at the time was to refer certain estimates to the committee on estimates. What is being done now is to take various departments and send their estimates to other committees established and not functioning. In other words, eight or ten departments will go to eight or ten different committees; whereas I respectfully submit that the estimates, particularly of the larger departments, should remain in the House of Commons where they can get better consideration and better study can be given them. That is the point I am trying to make. I ask the minister as well as the Prime Minister to reconsider this motion.

Mr. Green: How does the hon. member differentiate between the course we are now advocating and the course followed in connection with the estimates of the Department of External Affairs?

Mr. Chevrier: It was the only department.

Mr. Speaker: The matter is before the house, and I cannot even ask if the house is ready for the question. It is not debatable. It is my duty to put the question unless the mover and seconder request otherwise. Shall I dispense with the reading of the motion?

Some hon. Members: Dispense.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it. I declare the motion carried.

Motion agreed to, on division.

STARRED QUESTIONS

RESEARCH INTO NATURAL HEALTH RESOURCES

Question No. 12—**Mr. Winch:**

1. Since July 16, 1955, has any research been undertaken under instructions of the Minister of National Health and Welfare by the Charles Best Institute in Toronto, or the research committee of the department into any aspects relating to natural health resources in Canada?
2. If so, will the reports be made available to the house?
3. If no research has been instituted, is same being considered?

Hon. J. W. Monteith (Minister of National Health and Welfare): The answer to the first part of the question is no; but it must be understood that a former minister of the department may have invited outstanding research centres and the provinces to submit suitable projects for federal assistance on behalf of such research—

Mr. Martin (Essex East): That is right.

Mr. Monteith (Perth): —under the terms of the national health grants, but there is no record that the research centres or their sponsoring provinces have done so to date.

Question No. 2 is answered by my answer to question No. 1. In answer to question No. 3, I would say that it is not proposed at this time to undertake such research within the department, but the provinces will continue to be encouraged to submit projects under the national health grants for federal assistance for research dealing with all aspects of the health of the people of Canada.

FAUTEUX REPORT—IMPLEMENTATION OF RECOMMENDATIONS

Question No. 13—**Mr. Winch:**

1. Have any of the 44 recommendations contained in the Fauteux report been implemented?
2. If so, which ones, and was such implementation made by federal or provincial authority?
3. Has the Department of Justice entered into negotiations with the various provincial governments relative to joint action?
4. Have steps been taken to call a dominion-provincial conference of attorneys general in connection with such recommendations?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer to part 1 of this question is yes. In reply to part 2 I would say that

the following recommendations have been implemented, in whole or in part, by the federal government: 20, 21, 23, 24, 28, 35, 38, 39, 41, 42 and 43. I made a sincere attempt, Mr. Speaker, to prepare, for the information of the hon. gentleman who asked the question and of the house, a short summary of the actual content of those recommendations to which I have referred by number, but I found it was not possible to condense it into a short space. However, if the house would consent I would be prepared to table at this point, so that it may form part of the answer, a written statement showing in detail just what the recommendations were and what has been done in connection with them.

Mr. Speaker: Is the house agreeable that the statement to which the minister has just referred be tabled and made a part of *Hansard* at this point?

Some hon. Members: Agreed.

Mr. Fulton: The recommendations that have been implemented, in whole or in part, by the federal government are as follows:

20. The federal and the provincial governments should give serious consideration, in expanding their systems of penal institutions, to the establishment, on a medium security basis, of such additional institutions as may be required.

Joyceville is being built as a medium security institution and the new Quebec institution will also be of that type.

21. In the women's prison at Kingston, Ontario, a more intensified system of varied forms of treatment should be instituted.

The commissioner of penitentiaries informs me that additional professional staff has been added.

23. In relation to the operation of all penal institutions in Canada, more reception centres should be established to which inmates may be initially committed for classification and ultimate committal to the particular institution that provides the most useful form of treatment in their particular cases.

Reception wings have been put in operation in the penitentiaries at Montreal and Prince Albert.

24. Classification staffs should be provided for all penal institutions in Canada and, where they already exist, they should be increased to an appropriate size.

Classification staffs in the penitentiaries are being increased regularly in size.

28. Every penal institution in Canada should institute an appropriate pre-release program for the benefit of inmates.

Each of the penitentiaries has instituted, by way of experiment, pre-release programs for inmates serving long sentences.

35. As soon as possible, a system of automatic parole review should be instituted for Canada, thereby dispensing with the present system which requires an application for parole.

The remission service has instituted a system of automatic parole review which is 40 per cent completed.

38. Some means should be found to provide specialized after-care for particular types of parolees, such as sex offenders, drug addicts, alcoholics and psychopaths.

The remission service, in conjunction with the after-care agencies and with the co-operation of certain clinics, is increasing the amount of specialized after-care that is available for persons of these types.

39. The federal and provincial governments should increase their financial grants to voluntary after-care agencies in order to enable them to work more effectively in the correctional field.

There have been annual increases in the amounts that parliament has been asked to appropriate by way of grants to voluntary after-care agencies. The amount for the current fiscal year that is asked is $120,000, divided between the penitentiary service and the remission service.

41. The annual conference of after-care agencies and government services should be continued in the future.

The conference of after-care agencies has been held annually since the Fauteux report was presented to the government.

42. A national parole board should be established as recommended in chapter XI of the report.

The speech from the throne forecast a bill to establish a national parole board at the present session of parliament.

43. The administration of federal correctional services should be organized as suggested in chapter XII of the report.

In partial implementation of this recommendation we have established a committee consisting of the deputy minister of justice, the commissioner of the R.C.M. Police, the commissioner of penitentiaries and the director of the criminal law section of the Department of Justice for the purpose of considering and advising on questions of policy or general concern in connection with matters under our jurisdiction in the correctional field.

The answer to part 3 is no and the answer to part 4 is yes. I should like to state by way of amplification that I answered 3 in the negative because we have not actually commenced the conference, and part 4 in the affirmative because we are taking steps to call that conference this year.

HEALTH INSURANCE—HOSPITAL SERVICE COSTS

Question No. 14—**Mr. Martin (Essex East):**

1. Have representations been received from the Canadian Hospital Association by the Prime Minister or the Minister of National Health and Welfare, urging the administration to allow depreciation and interest on debt, and to be included as

hospital service costs under the Hospital Insurance and Diagnostic Services Act?

2. If so, what reply, if any, has been made to these representations by the Prime Minister or the Minister of National Health and Welfare?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to number 1 is yes and the answer to number 2 is that the representations made are about to be considered on the expert level to ascertain the implications inherent in them.

Hon. Paul Martin (Essex East): May I ask the Prime Minister if he has considered the reply made the other day by the Minister of National Health and Welfare? I do not think it can possibly be regarded as consistent—

Mr. Speaker: Order. I would ask the hon. member for Essex East to defer his question until the orders of the day.

RESOURCE DEVELOPMENT ROADS

Question No. 16—**Mr. Benidickson:**

What offers, if any, for sharing costs of roads for resources development has the government made to the provinces since July 1, 1957, beyond the offer set out in appendix "C" to *Hansard* of January 3, 1958 (forest access roads)?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, in addition to the offer made to the provinces, as set out in appendix "C" of *Hansard* of January 3, 1958, letters were sent to the premier of each province on February 12, 1958, offering them the opportunity of participating in the roads to resources program. The program in each province would be on a five year basis, and the federal government would be prepared to provide up to 50 per cent of the cost of constructing resource roads falling within an agreed program up to a maximum contribution by the federal government in any one year of $1,500,000 in each province or a total of $7,500,000 for the five year period. The provincial government would be responsible for the maintenance of any roads constructed under the program.

With the permission of the house I shall now table copies of the letters sent to the premiers of the provinces outlining the proposals of the federal government. The premiers of Newfoundland, Nova Scotia and New Brunswick received identical letters to that sent to Premier Matheson of Prince Edward Island. I am also tabling a copy of the letter dated February 14 sent by the deputy minister of my department to the premier of the province of Alberta advising that the proposal need no longer be treated as confidential. Identical letters were sent to the premiers of the other provinces on the same date.

CANADA COUNCIL—CAPITAL EXPENDITURE GRANTS

Question No. 17—**Mr. Fisher:**

1. What value and percentage of the grants of Canada Council awarded to universities in the last operational year went for residences or dormitories?

2. Is it a requirement set by Canada Council that such residences contain a library?

3. If so, what requirements are there as to size, type of bookstock and catalogue facilities?

4. Has Canada Council a classification of the kind of university capital expenditures to which it will consider awarding grants?

5. If so, what is the classification?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, these questions have to do with the Canada Council. Last autumn, on November 27, a question was asked by the hon. gentleman respecting the Canada Council and I refer to the answer appearing in *Hansard* at page 1558, where these words in particular are found:

Paragraph 23 of the act clearly specifies the manner in which the council is to report to parliament annually.

I should like to remind the hon. gentleman that when he asked that question last fall concerning the Canada Council it was pointed out that the council is not an agent of Her Majesty and that the Canada Council Act clearly specifies the manner in which the council is to report to parliament annually. The hon. member communicated with my office in order to ascertain how the information that he desires to secure might be procurable. I felt that it would be possible to make the request for the information to the council and for the council to be able to furnish it. However, the government does not have in its records the information requested, nor does it consider that it has the power to request information from the council other than that which will appear in the annual report.

It is impossible to give any answer to the several questions asked. Under the circumstances I trust that the hon. member will not press the government further for information of this nature. The annual report of the council will probably be tabled later this month, at which time hon. members will obtain detailed information as to the operations and policies of the council. I again say that I hoped we would have been able to secure this information but that has proven impossible, having regard to the legislation in effect.

CARSON STROUD

Question No. 18—**Mr. Pickersgill:**

1. Is Carson Stroud of Glovertown, Newfoundland, employed in any capacity by the Department of Northern Affairs and National Resources?

2. If so, what are his duties and what is his remuneration?

3. If not, does he select persons to be employed in the Terra Nova national park?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answers to these three questions are as follows: 1, no; 2, answered by No. 1; 3, no.

FISHERY GUARDIANS, NEWFOUNDLAND

Question No. 19—**Mr. Batten:**

1. What were the names and addresses of all fishery guardians employed on salmon rivers by the Department of Fisheries in the province of Newfoundland in 1957?
2. For how many seasons had they been employed in each case?
3. To what rivers were they assigned in each case?
4. What are the names and addresses of all fishery guardians employed on salmon rivers by the Department of Fisheries in the province of Newfoundland in 1958?
5. To what rivers have they been assigned in each case?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, to answer all parts of this question requires long lists of names, addresses and locations, 122 of them in one case. I think I should not take up the time of the house reading these lists. Perhaps it would meet the hon. member's purpose if I were to ask that the question be made an order for return.

Mr. Speaker: Question No. 19 is made an order for return.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FISHERY GUARDIANS, NEWFOUNDLAND

Question No. 19—**Mr. Batten:**

1. What were the names and addresses of all fishery guardians employed on salmon rivers by the Department of Fisheries in the province of Newfoundland in 1957?
2. For how many seasons had they been employed in each case?
3. To what rivers were they assigned in each case?
4. What are the names and addresses of all fishery guardians employed on salmon rivers by the Department of Fisheries in the province of Newfoundland in 1958?
5. To what rivers have they been assigned in each case?

HIGHWAY BRIDGES, ONTARIO—FEDERAL ASSISTANCE

Question No. 72—**Mr. Houck:**

1. What are the names and locations of highway bridges in the province of Ontario to which the federal government has contributed financial assistance in building or repairs from July 1, 1957 until May 1, 1958?
2. Which of these bridges carry both highway and railway traffic, indicating railway in each instance?
3. What was the total expenditure on each bridge for the above-mentioned period?
4. How was the cost shared?

[Mr. Pickersgill.]

PROHIBITED BOOKS

Question No. 73—**Mr. Fisher:**

1. How many books were prohibited entry into Canada in the year ending June 1, 1958?
2. What were the respective countries of origin, the authors and titles?

HEART DISEASE AND CANCER—MORTALITY AND RESEARCH STATISTICS

Question No. 89—**Mr. McMillan:**

1. During the last five years how many persons in Canada, by provinces, have died each year (a) from heart disease; (b) from cancer?
2. Are grants provided annually for research into the causes of cancer and heart disease?
3. If so, (a) what amounts are appropriated for such purposes and in what manner have such amounts been distributed; (b) which institutions are entitled thereto?

MOTIONS FOR PAPERS

PREMIUM IRON ORE COMPANY

Motion No. 3—**Mr. Fisher:**

For a copy of all correspondence and other documents exchanged between the Minister of National Revenue or any officials of the department, and officials of the United States, concerning the Consolidated Premium Iron Ore Company, the Premium Iron Ore Company, Cyrus Eaton, and F. Daley, from January 1, 1948 to May 12, 1958.

Hon. J. M. Macdonnell (Minister without Portfolio): In the absence of the Minister of National Revenue may I make the following statement. The Minister of National Revenue has had several conversations with the hon. member who has asked for these papers, and as a result they have agreed as to what documents should be produced under the terms of the order, certain restrictions being necessary because of the secrecy provisions of the Income Tax Act.

I want to emphasize, however, the minister says, that all of the correspondence exchanged between the deputy ministers of the Department of National Revenue (taxation) and the United States officials has been produced. Subject to that qualification, and also to the usual one respecting the obtaining of the consent of the United States government to such production, the order may be allowed to pass.

Mr. Speaker: Is it the pleasure of the house to adopt the motion, subject to the explanation and limitations set out in the communication from the minister?

Motion agreed to.

"CANADIAN ECONOMIC OUTLOOK FOR 1958"

Motion No. 6—**Mr. Pickersgill:**

For a copy of "The Canadian Economic Outlook for 1958" as prepared by the Department of Trade and Commerce.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the government finds it necessary to oppose this motion, on the ground that "The Canadian Economic Outlook for 1958", is a confidential document.

Some hon. Members: Oh, oh.

Mr. McIlraith: Take the cover off it.

Mr. Diefenbaker: If my hon. friends will wait a moment they will hear the rest of the answer. It is believed that the publication of the report—

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. May I draw Your Honour's attention to standing order No. 47, which reads:

> Notices of motions for the production of papers which the member asking for the same intends to move without discussion, shall be marked by him with an asterisk and shall be placed by the Clerk on the order paper under the heading "Notices of motions for the production of papers". All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

Now, sir, if the Prime Minister would undertake to give us an opportunity for a debate on this motion, I would ask the Clerk under that rule to have this motion transferred to notices of motions. If the Prime Minister is not willing to do that, I do not think he should have privileges that are not accorded to other members of the house.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: On the point of order?

Mr. Diefenbaker: Yes. I was just following the course that the hon. gentleman himself followed on January 20, 1954, when he set forth the reasons for his objection to certain productions. I was going to say we will produce it immediately after this year ends. It is a current report, publication of which would be detrimental until January, 1959.

Mr. Speaker: The point of order raised by the hon. member for Bonavista-Twillingate is, of course, in accordance with the rules, a point of order. It is not a debatable motion. It can be transferred for the purpose of debate. Is that at the request of the house or the government? It is not a debatable motion. The only thing that remains is to dispose of the motion, and I shall now put it. All those in favour of the motion will say yea.

Mr. Pickersgill: On the point of order, if I might crave your indulgence, it does not appear that it requires the consent of the house. The rule says:

> —if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

I request Your Honour to ask the Clerk to transfer this to notices of motions, on the understanding that the government will provide an opportunity for debate, an undertaking which I might point out was given by the preceding government in exactly similar circumstances.

Mr. Speaker: I ask the Prime Minister if he wishes to address himself to this provision of the rule:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

Now I raise the question, at whose request will the motion be transferred for debate? If anyone can give me any assistance on the subject I shall be glad to have it. If the Prime Minister or any member has anything to say on that point I would be glad to hear him.

Mr. Green: I might point out that reading the first part of rule 47, we find this:

> Notices of motions for the production of papers which the member asking for the same intends to move without discussion, shall be marked by him with an asterisk and shall be placed by the Clerk on the order paper under the heading "Notices of motions for the production of papers".

The hon. member has put this question on the order paper marked with an asterisk, yet now he thinks he will get some advantage by changing his mind and having a debate on the subject. I suggest the rule was never intended to enable a member to make such a request.

Mr. Pickersgill: I should like to submit to Your Honour that on one occasion about two years ago a motion was made by a member of the C.C.F. party for certain documents relating to the Caughnawaga Indian reserve at the time I was minister. I invoked this rule, the motion was transferred, and the government of the day gave an undertaking that there would be an opportunity for debate, which opportunity was provided.

Mr. Speaker: What does the hon. member say to the point made by the Minister of Public Works, that by placing the notice of motion on the order paper with a star he has elected not to have a debate?

Mr. Pickersgill: I submit that it is provided in the rules that this transfer can be made. The important word is "transfer". It would have been quite acceptable to me to have no debate if the government had been willing to comply with the motion. Since the Prime Minister has refused the information to the house it does seem to me, sir, that then I can invoke the second part of the standing

order and ask to have it transferred for the purpose of having a debate on a matter which, as Your Honour will recall, relates to a document which the Prime Minister gratuitously brought before the house in a previous parliament.

Mr. McIlraith: I wonder if I might be heard on the point of order. I want to draw Your Honour's attention to the different language used in the two parts of standing order No. 47. The first part deals with the marking of the question when it is put on the order paper. The second part deals with the transfer when it is called. In other words there are two different points of time, and I think that completely answers the argument made by the Minister of Public Works.

I should like if I may, then, to read the standing order in the light of these remarks. The first part reads:

> Notices of motions for the production of papers which the member asking for the same intends to move without discussion, shall be marked by him with an asterisk and shall be placed by the Clerk on the order paper under the heading "Notices of motions for the production of papers".

Then there is a period in the standing order. Then this part comes:

> All such notices when called—

And I want to emphasize the words "when called".

> —shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

In other words, the point I want to make is that two different points of time are envisaged. There is nothing inconsistent in a member placing the motion on the order paper with an asterisk and, when the motion is called, asking for a debate.

Mr. Harkness: On the point of order, Mr. Speaker, may I say that it seems to me that this rule is quite clear. It states:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired—

It seems to me it is quite clear that it is not the desire of the individual or the member who places the motion on the order paper which is meant, but rather the desire of the house. If the house desires a debate on it, well and good; it will be proceeded with.

Some hon. Members: Oh, oh.

Mr. Harkness: I do not think you can read anything else into this clause except that what is meant is that it is the desire of the house that debate be held.

[Mr. Pickersgill.]

Mr. Green: On the point of order, Mr. Speaker, may I say this. If the contention made by the hon. member for Ottawa West is correct, then on every single one of these notices of motions for the production of papers the member who puts that notice on the order paper can force a debate on it.

Mr. McIlraith: That is right.

Mr. Green: That would be a ridiculous situation if the house should have to debate every one of these notices of motions simply at the whim of the hon. member who happened to put it on the order paper.

Mr. Argue: If I may, Mr. Speaker, I should like to point out what I feel would be the practical result of the request made by the hon. member for Bonavista-Twillingate.

Mr. Speaker: With all due respect to the hon. member may I say that I am not interested in the practical result. I am interested in what this rule means as it reads. If he will address himself to that point of order we shall dispose of it. We all know what the practical result will be.

Mr. Argue: As to what the rule means, may I say this. The standing order reads in part:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "Notices of motions".

I suggest that the hon. member who has made the request, because of the fact that the motion is in his name, is not in order in that request. I suggest further that this rule cannot be applied in order to bring on a debate merely by adopting it because, if we pass it, the motion will go to the bottom of notices of motions and would be No. 46. Those are private members' motions, and it would not come up for debate. Therefore the desired debate would not be achieved. I do not think either, with great respect, that the Prime Minister as such can himself say whether or not a debate may be held. It is up to the house at some future date to decide.

Mr. Speaker: I thank the hon. member for the assistance he has given me. However, I am still finding some difficulty with this rule. I think it is open to any member to put a notice of motion of this kind on the order paper, under notices of motions, to which heading it will go if it is transferred at this time. As I understand the rule, the marking of the notice with an asterisk simply means that it is dealt with on routine proceedings with other matters that do not require an extensive expenditure of time, and where there is no debate. That is where we find it. If there is a change of mind and a debate is

required on the motion, this rule apparently permits the notice to be transferred to the general heading "Notices of Motions" and, as the hon. member for Assiniboia points out, there it will go to the bottom of the list where it will likely be buried for the rest of the session.

However, I think that was the intention of the rule. The only thing that puzzled me was whether the mover of the motion could in effect change his mind. The question really is whose request or whose desire is to be given effect to. As there has been a request for a debate on this motion, I think effect should be given to that request and that it should be transferred to the order paper under notices of motions.

UNDERPASS CONSTRUCTION, MILE 41.05, MONTREAL

Motion No. 9—**Mr. Rouleau:**

For a copy of all telegrams, letters, correspondence and other documents exchanged since August 10, 1953, between the Canadian National Railways, the city of St. Laurent and its solicitors, the transport commission of Montreal, the member of parliament for Dollard and the Board of Transport Commissioners for Canada, concerning the application of the city of St. Laurent for the building of an underpass at the intersection of Decarie boulevard and the Canadian National Railways line at mile 41.05, L'Assomption subdivision, bearing file No. 26782.193 of the commission.

He said: Mr. Speaker, as I have obtained the information from the department, I wish to withdraw my motion with the consent of the house.

Mr. Speaker: Has the hon. member leave to withdraw his motion, which is No. 9?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

RESOURCE ROADS PROGRAM, ONT.

Motion No. 15—**Mr. Benidickson:**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I should be very glad to table copies of such correspondence, subject, of course, to provincial concurrence, once agreements with the provinces have been signed. I do not consider, however, that it would be in the public interest to table copies of such correspondence while negotiations are still being carried on.

Mr. Speaker: Does the house consent that this item stand?

Some hon. Members: Agreed.

Motion stands.

Inquiries of the Ministry

CARSON STROUD

Motion No. 16—**Mr. Pickersgill:**

For a copy of all correspondence exchanged since January 1, 1958, between the minister of northern affairs or any member of his staff and any person or organization in Newfoundland regarding Mr. Carson Stroud of Glovertown, Newfoundland.

Motion agreed to.

ELECTRIC POWER, NEWFOUNDLAND—FEDERAL ASSISTANCE

Motion No. 17—**Mr. Pickersgill:**

For a copy of any communications addressed to the Prime Minister by the premier of Newfoundland since February 1, 1958, regarding federal assistance in the provision of electric power and any replies thereto.

Mr. Diefenbaker: Subject to the usual reservations.

Mr. Pickersgill: I wonder whether I could ask the Prime Minister what reservations he refers to.

Mr. Diefenbaker: I am just quoting my hon. friend once more.

Mr. Speaker: I take it that the reservation referred to is the one which has been expressed as to correspondence. Subject to this reservation, is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

BRIDGES

SECOND NARROWS, VANCOUVER—COLLAPSE OF TWO SECTIONS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Public Works. Was the federal government a financial partner in the construction of the second narrows bridge in Vancouver? If so, can he inform the house whether there will be a federal inquiry into the reasons for the collapse of two sections of the bridge, with the resulting heavy toll in dead and injured?

Hon. Howard C. Green (Minister of Public Works): No, Mr. Speaker. The agreement under the Trans-Canada Highway Act does not cover this particular bridge. Much as we regret this unfortunate accident, the dominion government has no jurisdiction.

FINANCE

RELEASE POLICY RESPECTING HUNGARIAN-POLISH-ROUMANIAN ASSETS

On the orders of the day:

Mr. L. D. Crestohl (Cartier): I should like to address a question to the Prime Minister

of which I gave him notice. Has any further consideration been given to establishing a release policy with regard to Hungarian, Polish and Roumanian assets vested in the custodian similar to the so-called victims' policy applicable to German assets, whereby individuals who prove that they themselves were subject to nazi persecution can have their property rights restored?

Right Hon. J. G. Diefenbaker (Prime Minister): This matter is receiving extended consideration by the Minister of Finance (Mr. Fleming) and the Secretary of State (Mr. Courtemanche), and when a decision is arrived at it will be communicated to the house.

INDUSTRY

STEEL—INQUIRY AS TO TRADING IN PAGE-HERSEY COMPANY STOCK

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): I would like to address a question to the Minister of Finance. In view of the fact that yesterday, shortly before the announcement of increased tariff protection on certain steel products, trading on the Toronto stock exchange in the stock of Page-Hersey Company, Canada's largest manufacturer of steel pipes and tubes, was according to press reports unusually heavy and was accompanied by a marked advance in price, does the minister feel that an investigation of the circumstances would be desirable?

Hon. Donald M. Fleming (Minister of Finance): Not at all, Mr. Speaker. I have no knowledge of this alleged activity on the stock market and I do not know whether the tariff action proposed last night, had it been known in advance, would have had any bearing on any activity in the stock market. The fact is, as everybody knows, that there has been newspaper speculation for days as to what action the government might propose in the light of recommendations made by the tariff board with regard to tariffs on pipes and tubes, which recommendations were made months ago on a reference directed to the board by the former Liberal government.

CRIMINAL CODE

CRUELTY TO ANIMALS—REPORTED PROGRAM OF BULLFIGHTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Having in mind his interest in the humane treatment of animals, I wish to address a question to the Minister of Justice.

In view of newspaper reports to the effect that a certain Ontario chamber of commerce intends to stage a program of bloodless bullfights for the August 2-4 holiday week end, would the minister inform the house if he considers the present provisions of the Criminal Code stringent enough to prevent any cruelty which might occur as the result of the introduction into Canada of this undesirable and exotic form of entertainment?

Mr. Speaker: I would like to remind the hon. member to consider that he is really asking for a legal opinion, but I do not wish to prevent him from getting such a legal opinion if the minister is prepared to answer his question.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have an answer ready to this question because I appreciate the courtesy of the hon. member in having given me notice. I would, however, point out that I can neither give a firm legal opinion nor do I know what a bloodless bullfight is or might be.

My answer is therefore even more hypothetical in this case than is the hon. member's question. The Criminal Code makes it an offence for a person to wilfully wound or injure cattle, including bulls, and also makes it an offence for a person to wilfully cause or, being the owner, wilfully permit to be caused unnecessary pain, suffering or injury to an animal. It is also an offence for a person in any manner to encourage, aid or assist at the fighting or baiting of animals.

I have seen some of the newspaper reports to which the hon. member has referred, but I do not think it would be proper for me as Minister of Justice to attempt to express in advance any opinion on the question of whether a proposed performance of this kind would or would not contravene the provisions of the Criminal Code to which I have referred. I have no doubt that the local law enforcement authorities will, in accordance with the Canadian tradition in such matters, keep close watch on the situation and will be ready to take appropriate steps at once if, in the course of such a performance, it appears that any violation of the criminal law is involved.

FISHERIES

SALT CODFISH—INQUIRY AS TO ESTABLISHMENT OF FLOOR PRICE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to ask the Minister of Fisheries when the government intends to establish a floor price for Newfoundland salt codfish, as promised by the Prime Minister prior to March 31.

Hon. J. A. MacLean (Minister of Fisheries): A similar question was asked on May 29 last by the hon. member for Grand Falls-White Bay-Labrador (Mr. Granger). The question and answer are to be found at pages 610 and 611 of *Hansard*, and I have nothing to add to the answer I gave at that time.

TELEVISION

MOOSE JAW—GRANTING OF LICENCE TO STATION CHAB

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to address a question to the Minister of Transport arising out of a successful application made by radio station CHAB at Moose Jaw to the C.B.C. board of governors for permission to operate a television station. Could the minister say whether his department is likely to grant such a licence expeditiously, as the people in that area are anxiously awaiting the establishment of this station?

Hon. George H. Hees (Minister of Transport): I am not aware of the particular instance to which reference is made, but I will look into the matter and advise the hon. member.

NATIONAL CAPITAL PLAN

INQUIRY AS TO REMOVAL OF SLUM AREAS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I would like to address a question to the Prime Minister. Does the announcement of the Prime Minister in regard to the supplying of money for the purchase of land outside the city of Ottawa to enhance the prestige of our national capital also include provision for removing out of the city of Ottawa many of the slum areas and fire-trap houses which now exist in the heart of the city?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think I made it perfectly clear as to what was the purpose of the legislation to be brought before parliament, and I see no reason why there should be any agreement whatsoever with the suggestion that Ottawa is in the condition described by the hon. member.

TRADE

FISH—INQUIRY AS TO EFFORTS TO FIND NEW MARKETS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I would like to ask the Minister of Trade and Commerce if he would advise this house whether any steps have been taken to explore new markets for Newfoundland fish, in view of the fact that there is likely to be increased production resulting from the large number of unemployed persons returning to the fishing industry?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I was attempting to find an earlier question similar to this but I cannot locate it, though I feel sure it has been asked before.

Every effort is being made to extend the markets for Newfoundland fish. We are fully aware of the problems facing the fishing industry. A first class presentation of the facts has been made to us by a representative of the provincial government, and we have also heard from people in the fishing industry. We will be hearing from other groups, I think, this week or next, and we are getting all available information respecting the industry generally. We are aware of the fact that a number of people have returned and are now actively engaged in fisheries, and also that there is a surplus stock of fish on hand from last year's catch.

With these facts in mind every effort is being made to discover new outlets for Newfoundland fishery products, and these efforts will continue to be made as vigorously as is possible.

HOUSE OF COMMONS

"HANSARD"—SUGGESTION AS TO PRINTING

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I would like to draw the attention of the house to a matter which might concern many hon. members. It is with respect to the printing of *Hansard*. If a member rises on a question of privilege during orders of the day, it occasionally happens that his remarks are printed on pages 1 and 2 under the classification "Contents". In that case they are not included in the bound edition of *Hansard*. I would therefore suggest that this matter be given consideration.

HOSPITAL INSURANCE ACT

AMENDMENTS TO AUTHORIZE CONTRIBUTIONS TO PARTICIPATING PROVINCES, ETC.

Hon. J. W. Monteith (Minister of National Health and Welfare) moved the second reading of Bill No. C-30, to amend the Hospital Insurance and Diagnostic Services Act.

He said: Mr. Speaker, section 1 (1) of this bill merely clarifies the view which has been generally accepted by both the provinces and the federal government

to the effect that drugs, biologicals and related preparations as provided in the agreement may only be considered as insured services when these items are actually administered in the hospital. It is obvious that if drugs were made available on a take-home basis the control of expenditures would become very difficult. The matter of control is as important to the provinces as it is to the federal government.

The suggested amendment will not, therefore, alter the present arrangements with the provinces in any way. It will merely clarify the existing situation. In explanation of subclause 2 of clause 1 of the bill I would point out that the original paragraph contained in the act relating to out-patient services, excluded drugs, biologicals and related preparations as well as accommodation and meals as a part of out-patient services. The provinces have requested that this amendment be made since it is considered that such services form an essential part of out-patient treatment. As in the case of in-patient services, however, it is proposed that drugs should not be provided on a take-home basis.

In so far as meals and accommodation are concerned it is felt the availability of these services on an out-patient basis will tend to deter admissions to hospitals. It is considered, therefore, that by expanding out-patient services in this manner the volume of in-patient services can be reduced in certain circumstances.

With respect to clause 2 of the amending bill I have already mentioned that five provinces have expressed their desire to commence operating provincial programs in accordance with the federal legislation as of July 1, 1958. The federal government would be precluded from making contributions to these provinces unless the present section 6 (2) of the act were amended. From the discussions which have taken place in this house it is obvious that the government's initiative in expediting the program is welcome.

Following my announcement last January of the government's intention to propose this amendment, provincial planning has been stimulated with the result that almost half of the provinces will be enabled to commence programs at least six months earlier than would otherwise have been possible. Prior to this debate some mention was made in the house concerning the costs to the federal treasury arising out of this amendment. While a precise determination of these costs is difficult without reference to prior experience, officials of my department estimate that the cost to the federal government of making contributions as of July 1 to the five provinces which have indicated their readiness to commence on that date will amount to approximately $30 million for the remaining six months in 1958.

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, about two weeks ago when I made a speech in this house on this bill I deplored the fact that the minister up to that point had obtained the signature of only one contributing province which would take advantage of this bill. The minister has since announced that he has obtained the signature of the province of Newfoundland and that that province has now become entitled to the full benefits of the Hospital Insurance and Diagnostic Services Act. I congratulate the minister on having obtained this signature and I hope he will succeed in obtaining many more so the act can come into effect on July 1 in respect of at least five provinces.

The minister mentioned a moment ago that five provinces have expressed a desire to come under the terms of this act. This is about the third or fourth time he has said they were desirous of doing so but I cannot understand why they do not sign an agreement. Surely the provinces have had sufficient time to sign and I cannot understand why they should delay. Up until last week only the province of Ontario had signed an agreement.

Another thing which we on this side of the house would like to have explained is how the plans are going to operate. I understand that Ontario has a limited plan which will include diagnostic services for in-patients only and not for out-patients.

Mr. Monteith (Perth): Mr. Speaker, on a point of order, that is not so. Diagnostic services for out-patients in accident cases are being provided in the Ontario agreement.

Mr. Martin (Essex East): But only for that; that is very limited.

Mr. Monteith (Perth): That is not what the hon. member said.

Mr. Bourque: I stand corrected, Mr. Speaker. I was under the impression that in the Ontario agreement there was included diagnostic services only for in-patients. The minister says that is not so and I stand corrected. However, I believe that Newfoundland has a more complete health scheme than Ontario which includes diagnostic services for in-patients as well as out-patients. We on this side of the house are wondering therefore just what kind of schemes the provinces will have. Will it be a plan to cover the same services in each province or will each province have a different scheme? That is very important to the average person

because if a citizen in Newfoundland is going to receive more than a citizen in Ontario under this plan we should know why and what the differences are.

I have another question for which I would like an explanation. I read in this morning's paper that Manitoba, Alberta and British Columbia were intending to sign an agreement and would take advantage of the provisions of the amended act on July 1. If they have not signed as yet how can the minister tell this house that these provinces will have agreements in effect on July 1?

Mr. Monteith (Perth): I said that the indications were that they would be; we have every expectation of that.

Mr. Bourque: Well, Mr. Minister, you have not signed them up as yet. I am sorry but as an old salesman I am keenly aware of the fact that unless you get a signature on the dotted line you cannot consider that you have made a sale and you cannot collect your commission on the transaction. If we are going to live on promises we will not get very far, you know.

Mr. Smith (Calgary South): You have had lots of experience with that.

Mr. Bourque: You have already told us that three other provinces are going to sign. What about the other five provinces? As a member from Quebec I would be very much interested in knowing how far you have progressed in obtaining the signature of that province.

Mr. Monteith (Perth): If you had been in the house on the debate on the resolution you would know about these things.

Mr. Martin (Essex East): He was here.

Mr. Speaker: Order. I think the discussion is getting a trifle informal for such a serious matter. There will be an opportunity in committee to discuss the details of these clauses of the bill. If we could continue the debate and relate it to the principle of the bill and try to get into committee, it would be helpful.

Mr. Bourque: Mr. Speaker, I was under the impression that we could ask the minister questions on his statement at this time as to what the plans were and what progress had been made. We are very interested in having the plan put into operation.

Mr. Speaker: The hon. member will have an opportunity in committee to ask questions.

Mr. Martin (Essex East): On a point of order, Mr. Speaker, if it could be understood that there would be no denial of the right to discuss the principle of the bill as well as the clauses, that could be done. In other words, this is a small bill and if we could proceed with it at this particular stage of the proceedings on that basis we would have no objection but it could be done only on that understanding.

Mr. Bourque: Mr. Speaker, I am very interested in finding out if the minister had personally approached the premier of each province. As a member from the province of Quebec I was just wondering what the reaction of the premier of that province had been with regard to signing this pact. We have in this house a very large number of pseudo-Conservative members who belong to the Union Nationale and I am sure they must have something to say about this affair although we have not yet heard from any of them.

So far as British Columbia, Alberta and Saskatchewan are concerned, I cannot see how the minister can say that he expects them to follow on July 1, because so far he has not been able to tell us that these provinces have signed. The closest he has come to that is that he has said they expressed a desire to sign. There is a great difference between signing and expressing the desire to sign. When we were in power and on the other side of the house the minister of national health and welfare at that time said that we could not include tubercular and mental cases. As I said before—and I have no answer to it yet—all those tubercular and mental cases which were in provincial institutions were under the care of the provinces. The contention of the previous government was that tubercular and mental cases were the responsibility of the provincial governments. At that time the opposition, now the government, maintained that they should be under the act. Of course, the Liberal government at that time felt—

Mr. Speaker: I am sorry to interrupt the hon. member again but I do not see anything in the bill about the matter which he is discussing, namely tubercular and mental cases. It seems to me the principle of the bill is narrower than that and he is beyond the point of relevance when he attempts to discuss tubercular and mental cases.

Mr. Martin (Essex East): May I with respect suggest to you that is hardly the case. The point the hon. gentleman has in mind is that when hon. gentlemen now on the treasury benches were on this side they thought that the measure introduced by the government was deficient in that it did not include certain insurable illnesses. What the hon. gentleman is now doing is pointing out this fact and indicating to the administration that it has the power and the opportunity of doing those things. It is not doing what it

proposed when it was on this side of the house should be done. I have no doubt that the observation and the argument the hon. member is making are quite correct.

Mr. Speaker: I am not questioning the correctness of what he is saying but I am questioning whether it is relevant to this bill which is an amending bill.

Mr. Martin (Essex East): Yes, it is an amending bill.

Mr. Speaker: It is a bill amending an act passed by the previous administration. The fact that it amends certain sections does not open up a discussion of the whole act. As I remember the act, it excluded mental and tuberculosis cases. That is another clause of the act not affected by this bill. I would think that we would be going far afield if we permitted discussion of principles other than those involved in the amendment.

Mr. Martin (Essex East): With great respect, I can very well understand Your Honour taking that position, but the hon. gentleman has made the argument that five provinces may sign before July 1, 1958. He has said he hoped that they would and that others might. Some of the provinces take a very strong position that tuberculosis and mental illness should be included and it may well be—I intend to ask pretty searching questions on this—that one of the reasons why they have not signed is that the present administration is adhering to the very practice and policy followed by the previous administration with regard to these exclusions. We would be precluded from discussing what is one of the essential elements in this whole matter of progress if the hon. gentleman and others were prevented from making that kind of observation.

Mr. Speaker: I am not convinced, I must say, that we can broaden out into that. I will allow the hon. member to proceed. Perhaps he will not find it necessary to get too far afield.

Mr. Martin (Essex East): I do not think there is too much danger of that.

Mr. Bourque: Mr. Speaker, you said a few moments ago that this was an amendment to the original legislation. There is little change in the legislation that the previous government introduced and this amending bill. It really is a tribute to the Liberal government for having introduced such a measure.

As I was saying, Mr. Speaker, I believe that tuberculosis and mental patients form part of the bill and their inclusion is a very important part of the bill because if they are to be left out—

[Mr. Martin (Essex East).]

Mr. Hamilton (Notre Dame de Grace): If it forms part of the bill can the hon. member refer to any clause?

Mr. Bourque: I am coming to that if the hon. member will wait only a few minutes.

Mr. Small: You are the ones who promised it 40 years ago.

Mr. Bourque: Forty years ago. That is before you had power. You were in power in 1930. If you thought it was such a good measure then you could have brought it in.

The opposition at that time made an issue of it, Mr. Speaker. They complained about the fact that we did not include tubercular and mental cases. I believe they had two votes on the matter at that time. Why did they not put it in this bill? If they thought it was such a good thing when they were in opposition why did they not include it in this bill? Not only did they make an issue of it in the house but they made it an election issue. It was one of the election promises of the government across the way. Today we see nothing in the bill about tubercular and mental cases. They talked a lot about it but they are doing nothing about it today.

I want to follow your ruling, Mr. Speaker. As I said, the government across the way when they were in opposition brought up all kinds of things when we tried to present this measure. When I read the bill I was surprised to find that they are not carrying out what they said should be done when they were on this side of the house. This amendment makes only a slight change to the legislation brought in by the previous government. I think it is a tribute to the Liberal government to find that now that these people are in power they see so little to change in the legislation originally presented by the Liberal government.

Mr. Frank Howard (Skeena): Mr. Speaker, I, as you did a few minutes ago, fail to see anything about tubercular and mental patients in this bill. I would have liked to see something in the bill in that regard. Following your suggestion, I will refrain from getting into that phase of hospital insurance coverage. Needless to say, we are in favour of the principles embodied in the bill, the main part of which appears to me to be the advancement of six months in the application of it and the removal of the restriction which required a certain number of provinces representing a certain portion of the population to have such schemes in operation before any federal participation would take place.

I was very pleased to hear the minister, not only on the resolution stage but on second reading of the bill make reference to the expectation that five provinces would have

signed agreements and would be covered by July 1, with the added information that other provinces are contemplating establishing plans by way of legislation and that in the immediate future we hope to have another three or four at least, and I hope 10 eventually, participating completely in such a plan.

I think we might ask ourselves this question. Why was it that after the enactment of the legislation which this bill is intended to amend there was a sudden increase in interest on the part of the various provincial governments in instituting hospital insurance plans whereas in prior years some of them, at least so far as public knowledge is concerned, did not appear to be too interested in establishing hospital insurance coverage plans such as the one that has been in effect in my own province for a number of years? I think we can find the answer to that question very easily. The mere fact that the Hospital Insurance and Diagnostic Services Act was placed on the statute books a few years ago indicated to the provinces that here was a source of financial assistance to them if they wanted to put hospital insurance programs into effect. It acted as a stimulus to those provinces to think in terms of providing provincial schemes. If it were not for the fact that the former Liberal administration introduced such a measure, even though it did not go far enough toward meeting the over-all problem of health care, whereby they would participate with the provinces, some of the provinces that are indicating interest today would probably not have either plans in effect or plans for enacting legislation within the next little while in order to achieve this purpose.

I am sure that it was only because the act was put into effect and the federal government indicated a desire to participate that provincial interest was stimulated to the point where, as the minister indicated, there will be five provinces participating, he hopes, by July 1, and in the not too distant future a number of other provinces, including the province of Quebec which has indicated interest. Therefore in the not too distant future, I hope within a year or two, all ten provinces will get into the picture because of the fact that the act was a stimulus to them. The result will be that we will have fairly uniform, all-inclusive hospital insurance coverage across the nation.

As I said earlier, the principle of the bill is acceptable. It is all right but it is lacking to a great degree. I hope, Mr. Speaker, that you will refrain from calling me to order for a few minutes and I will try not to say things that will cause you to call me to order. In dealing with the principle of the bill I feel I must express our view that the bill is deficient in that, as has been stated by the C.C.F. for many years, it does not go far enough toward providing the type of all-inclusive health coverage that the people of Canada should have and that we should give to them.

Because the present act was a stimulus to a number of provinces to enact legislation providing hospital insurance plans, surely we can expect that if any leadership at all is shown by the government in providing for all-inclusive medical and dental care under the present act there will be an equal stimulus to the provinces to expand their present hospital insurance schemes in order that they will cover medical, dental and other care necessary under an all-inclusive health scheme. In that respect we think there is a great deficiency not only in the bill but in the original act. I can only hope that a Conservative government will be a little more speedy in its acceptance of ideas put forward from this corner of the house than was the former Liberal administration and will not wait until they may think it is politically advantageous to expand the act to provide medical and dental services and an all-inclusive health scheme. I trust that they will do so at the earliest possible moment so that we can provide leadership and stimulate the provinces to expand their schemes. In that way we will not merely be providing hospital insurance coverage or participating in paying bills for people who become ill but will be taking definite corrective measures in the first instance to prevent them from becoming ill and having to go to hospital.

I hope the few remarks I have made will be taken to heart by the minister and government. I know that it will not take place during this session but I hope that between now and the next session of the house the government will undertake a study and provide the necessary leadership in order that we may have an all-inclusive health plan in Canada.

Mr. J. F. Browne (Vancouver-Kingsway): Mr. Speaker, in listening with great interest to the debate as it has developed and the arguments about the proposed amendments, I think it has become quite clear that about all that opposition members have been able to do is to say that we should go further. I think that view is perhaps shared by every member of the house, but on that basis I do not think it would make any difference to what length the government might go at a particular time because there would always be those who would say, "It would be nice to go further."

In my opinion there is one thing we must consider particularly at this time when the budget has been brought forward, and that is cost. I think it is quite obvious to all of us that if we are going to urge the government to go farther in one direction we must be prepared to suggest curtailment in another direction or propose some other means of raising money for the purpose of going further with hospital insurance.

It gives me pleasure this afternoon to be able to suggest a new means of raising money for these purposes. It is a means not being used now by the government and I believe it would not cost the people of Canada or the government one cent more than they are paying now. It is something that is clearly desired by the people of Canada. I refer to a sweepstakes for hospital purposes. There have been many editorials in various newspapers.

Mr. Speaker: Order. I hope the hon. member does not propose to embark on a debate in support of sweepstakes because that has nothing to do with the bill.

Mr. Browne (Vancouver-Kingsway): Mr. Speaker, I think the question of financing should be an aspect of concern to all members. It is perhaps the main consideration behind the advancement of any social welfare measure. We must be concerned with the cost of doing these things. As many arguments have been put forward that we should go further, I think it is certainly fair to suggest a means of financing.

Mr. Speaker: I am sorry I cannot agree with the hon. member. While costs and the means of raising the money are important, that is not what is before the house. The principle that is being discussed is the principle of a rather narrow amendment to the Hospital Insurance and Diagnostic Services Act. I would ask the hon. member not to venture into the field of sweepstakes this afternoon.

Mr. Browne (Vancouver-Kingsway): Perhaps I have already made my point, Mr. Speaker, inasmuch as I say we should not continually urge the government to go further with these measures without suggesting some means of financing them.

Perhaps now that I have made the point, the government will give consideration to using that means to finance it.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I only have a few brief remarks to offer, first of all to point out that this unemployment insurance legislation was originally brought forward by the preceding Liberal government and meets the urgent needs of the people of Canada.

When in 1948 Mr. Mackenzie King introduced his national health program, he pointed out that grants for hospital construction throughout the country were to be considered as the fundamental basis of a national health insurance program. In the years that followed, the former prime minister stated clearly, on more than one occasion, that the Canadian government's policy still consisted in supporting a contributory health insurance plan to be administered by the provinces. This was an excellent formula, one requiring no constitutional amendment, and which allowed the federal government to give financial assistance to provincial administrations, thus respecting provincial autonomy in the fields of public health.

It is a plan financed by all Canadians. The object of the hospital insurance act is to serve the interests of every province. Let us hope that all provinces will avail themselves of the benefits of the act and of the proposed amendment since it would obviously be unfair if the people of one province, who, in the last analysis will be called upon to pay for the plan in operation in another province, cannot enjoy the benefits of this legislation within their own province.

Now, with regard to this act and the proposed amendment, I would like to offer a few remarks about the hospital needs of the province of Quebec. Some years ago, the Quebec deputy minister of social welfare said that about 80 per cent of the citizens of our province cannot afford the costs of a prolonged stay in hospital. About a week ago, a delegation of the hospitals council, made up of 39 institutions, sought financial assistance from the city of Montreal. Dr. Turner, who was heading the delegation, said that the hospital problem is so acute that, unless they get immediate assistance, many hospitals will close down.

We have debts and salaries to pay, he said.

Under the circumstances, the people of the province of Quebec were entitled to expect a more positive and progressive stand on the part of the provincial government.

Since 1955, and 1956 too I believe, we have offered the provinces to join this plan and to get ready for it so as to make it available to the people of our province. Today, as far as the province of Quebec is concerned, we are no further ahead than we were at the time. Indeed, I shall quote a statement made by the premier of the province of Quebec, which I think has a bearing on this subject. It is from a Canadian Press report dated October

25, 1955. It shows in a few words how the premier of the province of Quebec feels about this hospital insurance plan. "The premier of the province of Quebec today discounted the possibility of the province joining in a national hospitalization insurance plan. It was stated by the premier that the system of charitable institutions now existing is better adapted to the people of his province."

And there we have the reason why on this 18th day of June 1958, the people in Quebec have no inkling as to when this legislation will apply to their province. I sincerely hope that authorities—busy though they be at the moment patching up certain gas leakage—will manage to find time to allow hospitals to benefit from this hospital insurance plan.

Mr. Speaker, I have therefore shown that this legislation is one of the most beneficial steps taken by the previous Liberal administration and that it meets urgent needs. Accordingly I hope that Quebec authorities will soon take positive steps so that, like other provinces, we might enjoy the benefits of this act. However, even if Quebec authorities do act, I believe that the loss of time of the last two or three years has been so great that, in due course, the provincial government will have to answer for its serious dereliction of duty in this regard.

(Text):

Mr. M. W. Martin (Timmins): Mr. Speaker, since remarks at this particular stage are confined to the principle of the bill, my remarks will have to be very brief. I do not believe there is too much principle about which to talk. Hon. members of the Liberal party to my left have made particular comments on the narrowness of the amendment before this house. I too, Mr. Speaker, feel that the amendment is indeed very limited, especially when we consider the important amendments that could have been made to this very inadequate act. Certainly, I feel the government did not extend themselves on this particular amendment.

However, I am afraid that I cannot agree with the conclusion to which members of the opposition came, that the only reason for the limitation of the amendment was the excellence of the previous bill, and they take this as a special tribute to the previous government. I fail to agree in that respect, and I would say that rather than taking it as a tribute to the previous government it is more in the nature of discredit to the present government.

In line with that I feel that the first proof of the inadequacy of the bill itself is the fact that it had to be amended six months before it came into operation. I believe that is proof beyond doubt that the bill itself was not very good. I should like to remind government members, as they well know, that it took 40 years to take this first step. Certainly, when a baby ceases to creep and starts to walk, he should not start creeping all over again. It would be much better if he could improve his walking and start walking upright. I would suggest that we could have amendments of the nature of the one we have before us today every month for the next 40 years, and we would still be far from having an adequate health insurance bill.

Hon. Paul Martin (Essex East): I should like to make a few comments on this bill. Having been made aware of Your Honour's alertness today, I would suggest that Your Honour read yesterday's *Hansard* to see the circumstances under which, on behalf of those of us on this side of the house, it was generally agreed we would give quick passage to the resolution. If it had not been for that, I suppose we would still be discussing the resolution.

The hon. member for Skeena (Mr. Howard), in expressing his disappointment at the extent to which this amendment goes, forgot I believe the tremendous expenditures that are now being borne by all levels of government in Canada in the matter of health and welfare.

Mr. Howard: But I remembered the expenditures that people make.

Mr. Martin (Essex East): Quite so. I am not saying this critically. However, I think it is important to realize the extent to which —even above that, if my hon. friend wishes to put it that way—progress in this very important field has taken place. I note that in the 12 years from 1946 to 1956-57 expenditures of the federal government in the field of health and social welfare rose from $41 million to $1,331 million. I note also that on a per capita basis the 1956 figures of health and welfare benefits paid by three comparable governments—the United Kingdom, the United States and Canada—show $121 million for Canada, $97 million for the United Kingdom and $138 million for the United States. From those figures it is apparent that our

expenditures cover a wide range and, to put it in a very conservative way, certainly are comparable with those of other countries.

I believe it is not generally recognized how the cost of health benefits to the Canadian people through all of their governments, federal, provincial and municipal, compare with corresponding costs in other countries. I know that comparisons are difficult to make but the best information available indicates that in 1956 benefits paid by all levels of government in Canada cost 6.5 per cent of the gross national product as compared with 8.5 per cent in the United Kingdom and 5.7 per cent in the United States. While I agree with the hon. member for Skeena who, in my opinion, the other day, made one of the best speeches in this debate, I do not think that it is objective treatment to overlook the great progress that has been made, as I am prepared to argue, within the last decade or so.

As the minister indicated, the purpose of this bill is three-fold. It is to bring in basically three amendments, two of which are relatively minor in character and are covered by one section of the bill and a third and more important one dealing with the conditions under which the federal government may begin to share with the provinces in the cost of their hospital insurance schemes.

I may say to the minister that so far as I am concerned little can be said about the first two amendments. As he indicates, the one is clarifying what was really intended and what I think is still implicit in the actual wording of the original measure. With regard to the other, that providing for meals and the like, I think that is a necessary step. I have looked over the section and I still think it could be argued that such provision is included in the present bill; but if the provinces find that it is desirable to have that provision clearly stated, of course there can be no exception taken for the reasons the minister has mentioned. Those who will take advantage of the diagnostic services within the hospital will require to spend some time in a hospital and that procedure will include necessarily, under certain conditions, taking meals in the hospital. Making that provision possible and authorizing the federal government to share in the cost of such provision is one way, as the minister has stated, of avoiding any abuse in the matter of bed occupancy. But with regard to the main amendment, I think that we must give some consideration to the circumstances—again I am not disagreeing with it—and to point out that the fact that this measure is now being introduced confirms the assertion made by hon. members on this side of the house that the government has not prosecuted this particular matter, in so far as other provinces are concerned, with the vigour it is felt on this side should have been employed. As the hon. member for Skeena and the hon. member for Outremont-St. Jean (Mr. Bourque) pointed out, the minister has indicated that he hopes he will be able to sign agreements not only with the provinces of Ontario and Newfoundland but by July 1 with the provinces of British Columbia, Alberta and Saskatchewan, three more provinces.

Mr. Monteith (Perth): And Manitoba.

Mr. Martin (Essex East): And Manitoba. I am sorry to have overlooked that province. He therefore hopes that by July 1 of this year he will have signed agreements with six provinces. I can assure my hon. friend that I join with all other hon. members in expressing the hope that there will be no doubt that on July 1 that will be the case. But it is a little bit difficult to understand why there should have been any delay whatsoever in having agreements signed long before this with the province of British Columbia, the province of Alberta and the province of Saskatchewan. In the case of the province of Alberta I note that when Dr. Ross, the health minister from Alberta, was in Ottawa some time about the end of May he was reported as saying that one of the stumbling blocks was the requirement that the provinces provide both technical and professional costs for diagnostic tests. The principle involved, he thought, was that insisting on this requirement meant that the federal government was dictating levels of service.

I should be greatly interested in what the minister has to say about that matter because I am fairly familiar with that argument. Is that the only reason why Alberta has not been able to sign the agreement? Or is it because—as I think the minister last night suggested—some examination was still being made of the character of the scheme itself in Alberta? The minister now nods approval, that that is the real reason. I can understand that, although I wonder why that is the case in Alberta. Is it because of the necessary participation, under the Alberta act, of the municipalities in terms of sharing the costs? Or is it because the scheme covers only a percentage of the population of Alberta and consequently does not come within the condition of universal availability, the phrase envisaged in the proposal made by the federal government?

What about British Columbia? British Columbia has had a hospital insurance scheme in being now for a long time. What is the difficulty? What is the attitude taken by the province of British Columbia? The

minister last night, in the report that he gave, did not give us the reasons why British Columbia has not yet signed an agreement. I think the house should be given that information. It may be that arguments have developed which formerly were not thought to be valid but which might on reconsideration be thought to be valid today. I am not saying that is the case. In any event, my curiosity in this matter I think will be understandable when I say that we ought to be informed as to exactly why provinces with schemes now in being have not yet signed agreements with the federal government.

What is the situation with regard to Saskatchewan? That is a province which has had a scheme in being now for some considerable length of time, longer than any other province. It is a province that has acquired considerable know-how and experience with regard to this matter, and one that needs this additional money. Why has no agreement been signed with this province to date? We will be able to judge from the replies given by the minister with respect to the reason why no agreement has thus far been signed and as to what assessment we really should make of the likelihood of an agreement being signed before July 1. It may be that the minister will find very considerable support for the positions he may have had to take with respect to these matters. In any event, as he knows, for some time now I have been asking him in this house, both during the present session and more particularly last fall, as to the reasons why agreements have not been signed and were not signed last fall with any province and only now are they being signed with two provinces.

The same kind of interrogation might be pursued with respect to Manitoba, although the hon. minister says that Manitoba will be coming into the scheme, and I hope that the events of Monday last will not cause any delay in that particular.

I would like to know, for instance, why Prince Edward Island has not been able to come in and why is it that Nova Scotia, while announcing that it will come in by July 1, 1959, has not yet found it possible to sign an agreement? The same is true of the province of New Brunswick, that province having announced that it proposes to begin a scheme on January 1, 1959. Why is it, if that is the case, that that province has also not found it possible to sign an agreement up to the present time?

I do not say this in any critical way, and I hope the minister will not misunderstand me, but I take it that the reason for this amendment being introduced at this time is because the province of Ontario, having decided to embark upon a scheme must not be put into the position where, having taken all the necessary steps to implement this huge undertaking in what is the largest province of Canada, it cannot be assured of a contribution being made to the cost of that scheme by the federal government at the starting date of January 1, 1959.

I take it that that is the main reason for this particular legislation, and I do not quarrel with that reason. As I have mentioned on another occasion, I indicated to Premier Frost in the spring of 1957 that if six provinces had not complied with the terms of section 2 of the main act, we would by the end of September have taken steps to make it possible to pay our share to Ontario as well to other consenting provinces in a manner different from that provided by section 2 of the Hospital Insurance and Diagnostic Services Act. I think therefore it is a fair argument—as has already been suggested—that if the government had pursued this matter with vigour last fall, and if it had really urged the provinces as it is apparently now doing to sign these agreements, it would not have been necessary to bring forward this legislation. Instead of having six provinces sign this agreement by July 1, 1958, we would perhaps have had the actual signatures of two other provinces thereby making this scheme more nation-wide in scope than will now be the case. To show that this is not mere fancy, I would like to turn to what I said in this house on October 17 last, when we were discussing inter alia the matter of interim supply. I quote from page 81 in volume 1 of *Hansard* of that date, when in addressing the Minister of National Health and Welfare (Mr. Monteith) I said as follows:

> Now, we are surely entitled to know whether any progress at all has been made in this matter. The province of Ontario has indicated that it proposes to implement its scheme on January 1, 1959, and when I last conferred with them in my own capacity as Minister of National Health and Welfare I was informed by the premier of Ontario that not later than the end of September he should be in a position to know definitely whether or not the federal government would be able, pursuant to the act, to provide the government of Ontario with its share of the cost of the operation of the Ontario scheme.
>
> Unless some progress has been made I am afraid this situation is not calculated to give much encouragement. If Ontario is going to begin its scheme on January 1, 1959, unless it is to bear the full cost itself it must immediately know whether the other five consenting provinces will have conformed to the requirements of the hospital insurance act, since that legislation provides that the federal money shall be paid only when these six consenting provinces have schemes in being and in support of which the proclamation of the measures under which they operate has taken place. In other words their legislation must be in force and their scheme must be in force.

And then later on I said—and this is significant:

> If no agreements have been signed, well then, it is clear that Ontario's position, in so far as the starting date announced by the premier is concerned, is in great jeopardy unless the minister is prepared at some later date to suggest to this committee that there should be an amendment to the act to provide for payments on a basis not now envisaged by the hospital insurance act itself.

I think that clearly indicates and confirms the situation which I have just pictured. The reason for this legislation is, quite properly, in order not to embarrass the province of Ontario which has taken such steps. This legislation has become necessary but could have been avoided if this government had taken vigorous steps during last summer and fall to bring about the signing of an agreement with the six provinces which had consented prior to the election of June 1957 to the scheme introduced by the previous administration.

There is another point which I think should be made by those of us who are on this side of the house. That is with respect to those provinces which will now be the beneficiaries of this particular amendment. If it is justified for this government to now pay out money to the provinces of Saskatchewan, Manitoba, Alberta and British Columbia, how does the minister justify not having paid moneys out to Saskatchewan, to British Columbia and to Alberta long before this? By what principle does this government arrive at this particular type of payment to these provinces? It could be argued, in so far as the last administration is concerned, that payments were conditional upon the existence of six schemes being in force, but that condition does not appear in the present amendment. So how does the minister justify not having paid out this money in advance of this situation which has developed to those three provinces which had schemes in being long before July 1, 1958?

It is not for me to champion the cause of these three provinces, none of which is my own province, but as a citizen of Canada I believe we have a right to expect that all provinces will be treated on the same basis of principle and equity and I suggest that having refused to take this position from June 25, 1957 until the present time it will now be very difficult for the administration to explain to the provinces of British Columbia, Alberta and Saskatchewan why it is now taking steps to provide for a sharing of costs by the federal government only as of July 1, 1958.

The minister does not find this to his liking, and possibly when he replies he will indicate exactly what he means when he expresses disagreement with my point of view. If I am wrong, I would like to be told, but I am sure that is a perfectly defensible position and hon. gentlemen opposite who were on this side of the house argued that the existing provision in the act was not fair to those provinces which had schemes then in being. If it was unfair a year and a half ago surely under circumstances that are much less restrictive it would be difficult not to argue that the provinces of Saskatchewan, British Columbia and Alberta should have been reimbursed by the administration long before this.

The minister was good enough to table the agreement made with Newfoundland and the one made with Ontario. He will recall that when he announced the agreement with Newfoundland I asked him in this house whether or not the agreement with Newfoundland was on the same terms as that with the province of Ontario and the minister's reply was that both agreements were under the act. That was not my question as I indicated by my comment which went unnoticed and uncommented upon by the minister. I do find that the agreements are not the same. It is not that I am criticizing the differences in the agreements but I think it should be pointed out, as was remarked upon by the hon. member for Durham (Mr. Vivian) and the hon. member for Welland (Mr. McMillan)—and quite properly so—that the two agreements do not provide exactly the same benefits in the case of Ontario and Newfoundland. There is no quarrel in so far as the federal government is concerned. It is up to each province to decide the extent to which it wishes to take advantage of the federal legislation and I am not criticizing my hon. friend but it is interesting to point out that in the case of Ontario the province only accepts the diagnostic services program to the extent of in-patients and with regard to emergency cases in the category of out-patients.

Mr. Monteith (Perth): Are you criticizing the province of Ontario for that?

Mr. Martin (Essex East): Yes, I certainly intend to comment on it. As a citizen of Ontario I do not see why the province of Ontario does not take full advantage of the hospital and diagnostic services provisions just as Newfoundland has taken full advantage of those provisions in its agreement and just as I am sure the provinces of Saskatchewan, British Columbia and Manitoba—the latter being the only province that now has a complete diagnostic services program for both out-patients and in-patients—will take advantage of the federal offer. It is not up to us to require any province to do this. As a parliament or a government we cannot force

our will on the provinces. The diagnostic services proposal which is a feature of this legislation is an extremely important matter. It is true that the total costs of the diagnostic services are not as great as the hospital insurance feature, costing some $48 million as compared with a minimum of $180 million—assuming the ten provinces participate—and any one who has given this matter great care and thought such as has the Minister of National Health and Welfare (Mr. Monteith) will agree with me that if there is any real reform and service needed to give assistance to the ordinary people of this country in the matter of health services it is in placing at their disposal the most complete form of diagnostic services so that rich and poor, all classes in the community, can have the advantage at this time of the great skills and knowledge of medical science. The only way that can be done is by an adequate system of diagnostic services.

I have my own reasons for noting the limitation in the Ontario agreement and these I discussed with the appropriate authorities in Ontario when I held the portfolio of national health and welfare. The two agreements are not identical in that one does accept fully all the diagnostic services provided by the federal government and the other accepts them with limitations.

I note that in the case of the agreement with Ontario the provisions for coverage are not as immediately complete. I am not criticizing this but I do wish to point out that the provisions with regard to Ontario are not as complete as they are in the case of Newfoundland. I am not quarrelling with that in so far as Ontario is concerned because the job of preparation in Ontario is a gigantic one and certainly much more difficult than the assignment that is placed in the hands of the government of Newfoundland, a smaller province. The fact is that the principle of universal availability is given immediate effect in the agreement with Newfoundland and that principle in the sense of immediate association with the scheme in Ontario is not open to every citizen. The principle of compulsion extends to a limited group in the preparatory stage with voluntary participation being open and available in succeeding periods.

By the way, if there is any disagreement between the minister and myself on the extent of coverage between the two agreements that have been tabled relating to the provinces of Ontario and Newfoundland I would refer my hon. friend to the press release which he made on June 9 in which he observed that:

> The in-patient services are the same—
>
> With respect to the province of Newfoundland.
>
> —as those to be made available in Ontario as a result of the agreement signed with that province on March 3, 1958.

The significant point there is that my hon. friend mentioned only the in-patient services and not the out-patient services.

There is one other feature of this measure on which I believe the minister should inform the house. The costs of this proposal are great. We believe—and I am sure the minister agrees—that with proper care and administration on the part of the provincial governments the increasing costs need not involve any more than those considerations that would add to the cost of any commodity in our society and that by careful administration the total cost of this all over the country need not be any higher than the present cost of hospitalization administered either through provincial hospital insurance schemes or, in most provinces, through voluntary schemes or by private participation.

The hon. member for Durham in the excellent speech he made a few weeks ago pointed out that one should not anticipate the millenium with regard to this kind of measure and that there would be many problems attendant on the administration of this act, such as hospital construction, the supply of the necessary personnel and other things. I admit all that but I am sure he would be the first to agree that if we waited until we had every facility at our disposal we would never make any progress in these matters at all. The fact is, however, as the hon. member for Welland said, the national health program about which the minister had something to say today in reply to a question was responsible in co-operation with the provinces in laying down the necessary and preparatory work towards the justifiable realization of hospital insurance in Canada.

When we had this measure in hand it was anticipated, if I remember correctly, that the total cost of this measure to the federal government apart from diagnostic services and assuming the participation of all provinces would be $180 million. The whole scheme is to cost somewhere in the neighbourhood of $400 million, the federal government assuming roughly 50 per cent of the cost of the scheme based upon the formula of 25 per cent of the average per capita cost in the province and 25 per cent of the average per capita cost in the nation itself. I have been wondering what the cost figures are today since hospital costs vary from one province to another. My hon. friend will agree of course that the formula for distribution of the federal share endeavours to take into account

the cost factor as well as providing incentive to efficiency and economy of operation.

The proposed federal contribution on a nationwide basis amounted to 50 per cent, as I said, of the total estimated shareable costs, or a minimum in the first year by the federal government, as I said, of some $180 million when all provinces were in. Therefore, the scheme is one that will cost the nation as a minimum in the first year of operation, assuming the participation of all 10 provinces, something in the neighbourhood of $400 million. Is that still the estimate of the government? It will be interesting to know whether or not that estimate is now higher. If it is higher—

Mr. Speaker: Order. I have been allowing the hon. member a good deal of latitude in this particular matter but I think he goes beyond what is under debate in dealing with costs of the scheme and asking questions about the cost of the whole scheme.

Mr. Martin (Essex East): Well, so far as the last observation is concerned I will not quarrel with you. What I am seeking to do is to ascertain from the minister the reason why some provinces have not yet come in. Undoubtedly, the cost involved is one of the reasons. For instance, I would like to know from the minister whether or not the allocations to the various provinces will continue to be the same. Under the scheme as originally proposed—and the formula still obtains—Newfoundland is actually to receive an estimated 72 per cent of the shareable cost; Prince Edward Island, 65 per cent; New Brunswick, 59 per cent; Nova Scotia, 57 per cent; Quebec, 53 per cent; and Manitoba, 51 per cent. On the other hand, British Columbia, Alberta, Saskatchewan and Ontario were to receive slightly less than 50 per cent of their total costs. When the minister replies I would like to know—and this has a very great bearing—whether or not these figures have changed because of cost factors. If they have changed, did it in any way contribute to the attitude taken by any one of the provinces?

I think the house welcomes this amendment, Mr. Speaker, for the reasons that I have stated. We on this side of the house think this amendment could have been avoided if the government had pursued this matter earlier with the vigour which I know the minister himself would like to have pursued it. What are the reasons why we are in this particular situation today? What are the reasons for the attitude taken by the three provinces which have schemes in being? Why is it that they have not signed agreements up until the present time? The answers to these questions will not only satisfy my curiosity, which I think is understandable because I lived with this question for some time, but it will also give the house an indication as to what are the prospects, for instance, in the province of Quebec. The premier of that province said the other day that the hospital construction program of Quebec was a preparatory stage to the hospital insurance project being realized in the province of Quebec. Has the government received any indication, as was asked a moment ago by the hon. member for Outremont-St. Jean, from the premier of Quebec in this regard? Have there been any contacts between the Minister of National Health and Welfare and his opposite number in the government of Quebec, or has it been thought that the best way to deal with that situation was to do it vicariously through officials. The answers to some of these questions will be of great interest to the house and will contribute to the day when we shall have a nationwide scheme of hospital insurance all over this country.

This amendment is an amendment to an act introduced in this parliament in 1956, and the very fact that the government brings forward an amendment only in the terms that it does, without any provision to cover the things which it alleged on this side of the house should be included, such as those things referred to by other hon. members, is perhaps the best tribute to and confirmation of this matter that the previous administration could possibly receive.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, I would not like to prolong this debate unduly but, considering the importance of this matter, and as a young member representing a new constituency where the average age is relatively low, I take this opportunity to make a few brief remarks.

When the hospital insurance program was introduced by the Liberal government and adopted by the house, a section was inserted in it to the effect that the plan would not be implemented until six provinces, representing half of the population of Canada, would join the plan. The aim of that section, as was explained by the then minister, the hon. member for Essex East (Mr. Martin) was to encourage the provinces to join in without delay and that section, as the present Minister of Health and Welfare (Mr. Monteith) has himself admitted, got results for he told us, on May 30th last, that all the provinces, except Quebec, were prepared to join. In fact, he stated that the province of Ontario was ready to join as from January 1st, 1959, while British Columbia, Alberta, Saskatchewan, Manitoba and Newfoundland

were willing to implement that program from July 1, 1958. Moreover, he asserted that the provinces of Nova Scotia and New Brunswick were ready to come in as from January 1, 1959 while Prince Edward Island would do so a few months later.

The Minister of National Health and Welfare now asks us to repeal the said section and to replace it by another which would authorize the payment of contributions to all the provinces having a hospital insurance plan in effect on July 1, 1958. This amendment, Mr. Speaker, has become necessary because this government has shown no interest in the matter since it came to power on June 10, 1957. Indeed, since that time, this government has done nothing to encourage provinces to join in the hospital insurance plan, and the amendment moved today by the minister is in itself an admission of government inefficiency.

In view of the urgency and great importance of having the hospital insurance plan in force throughout this country, I cannot do otherwise than support the amendment moved by the minister. In the Canadian family, especially the average income family, illness is a tragedy. For instance, I know in my constituency a family man who has had some of his many children hospitalized on repeated occasions. He had to go heavily into debt to protect the health of his children and provide them with necessary care. Today he is desperate. Unable to pay his debts or to stand his predicament, he had a nervous breakdown.

Mr. Speaker, as I said just now, illness is a tragedy for these families. Very often, when someone in the family takes sick, people put off sending the sick one to the hospital, because they lack the money. At times, the person dies as a result.

Mr. Speaker, a moment ago I mentioned the lack of interest of the present government in not encouraging provinces to join this hospital insurance plan. I wonder what it has done, since it has come to power, to encourage the provinces to do so.

To my mind it has done nothing and yet it has not lacked encouragement along those lines if we are to believe the hon. member for Quebec West (Mr. Bissonnette) who on May 28, 1958, said, as can be seen on page 606 of the official report of the debates of this house:

> I cannot help being interested in our federal hospital insurance act.

He added further:

> I offer my full co-operation to the Minister of Public Health and Welfare (Mr. Monteith)—

Well, Mr. Speaker, I would say to the hon. member for Quebec West, as well as to all members of the Union Nationale sitting on the government side of the house—

Mr. Theogene Ricard (St. Hyacinthe-Bagot): On a point of order, Mr. Speaker—

Mr. Rouleau: —to kindly insist—

Mr. Ricard: On a point of order, Mr. Speaker. I would remind the hon. member for Dollard that we are here as Conservative members and not as representatives of the Union Nationale and while there are no grounds for being ashamed of the Union Nationale, we were elected under the sponsorship of the Progressive Conservative party. The hon. member for Dollard is well aware of this and he should stick to that fact.

Mr. Rouleau: Mr. Speaker, I fail to see how the hon. member could make it a point of order, and I don't know whether I should construe his statement as a denial of the policy of the premier of Quebec.

Mr. Ricard: Not at all, Mr. Speaker.

Mr. Habel: Gas included?

Mr. Deputy Speaker: Order! I have to point out to the hon. member for Dollard that the Union Nationale party has nothing to do with this house, and that recently elected members to the federal parliament were labelled as Progressive Conservatives and sent here under the auspices of that party. Consequently, I would ask the hon. member for Dollard to refer to them as Conservative members.

Mr. Rouleau: Mr. Speaker, I shall gladly comply with your ruling. But I was also speaking about the co-operation which should exist between the federal government and the provincial governments, and especially the government of the province of Quebec which is ruled by the Union Nationale, and which, I understand, has friends amongst hon. members from that province in this house. I would therefore ask those hon. members who are thus on friendly terms—

Mr. Ricard: What is wrong with that?

Mr. Rouleau: —with the present government of the province of Quebec to urge the leader of that government to accept the hospital insurance plan and give the citizens of the province of Quebec the same benefits as are offered to the people of other provinces.

Just as much as people of other provinces, Quebec people need the benefits provided by that act passed by the Liberal party. The premier of the province of Quebec has no right to deprive them, the citizens of his province from the benefits of that act. In fact, did he not say, not so long ago, that there were too few hospitals in the province of Quebec to allow for the adoption of an

hospital insurance plan? Is he not the one who often says, at his weekly press conferences, that he provided for the construction of more hospitals in the province of Quebec than were built in any other province of Canada?

Well, if so many provincial governments felt that there are enough hospitals for the implementation of the hospital insurance scheme, I do not see why the Quebec government would not participate in the program put forward by the federal government. I do not believe that Quebec people, any more than people in other provinces, would take undue advantage of the implementation of an hospital plan. I make a special appeal to the present government and to Conservative members, since we must call them by that name,—I hope that it will please the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) —and ask them to exert pressure on Mr. Duplessis, the premier of the province of Quebec, whom they respect and honour, to have him agree to join, as soon as possible, in the hospital insurance program so that the people of that province may enjoy the same benefits as their fellow citizens of other provinces.

Mr. Speaker, this hospital insurance plan would be a great deal healthier for the province of Quebec than natural gas.

Mr. Georges Valade (St. Mary): Mr. Speaker, I am sorry to note the absence of the former member for Montmagny-L'Islet who would certainly be shocked by the remarks of some Liberals who believe themselves to be federalists, but who are more provincially minded than those whom they attack in this house.

Mr. Speaker, I have no wish to ape the opposition which, since the session started, has been indulging in provincial politics in the federal house. The matters we have to deal with here are somewhat different from those that are being talked about elsewhere and, because members of the opposition were reduced both in numbers and in quality at the last election, they should now begin to realize that it is a bad practice to indulge in provincial politics in the federal parliament.

If I may be allowed to do so, Mr. Speaker, and since our opponents have already raised the matter, I would like to deal with this health insurance plan in so far as it concerns the province of Quebec.

[Mr. Rouleau.]

No one, I believe, is justified in criticizing the policies of the Union Nationale in the field of public health. It is one of the governments which have done most in Canada for the development, and the building of hospitals, and for the improvement of medical services—

Mr. Martin(Essex East): With federal assistance.

Mr. Valade: With provincial assistance.

Mr. Habel: With federal assistance.

Mr. Valade: However, when the hon. member was a member of the Liberal cabinet, I do not think he did anything, since 1911, to urge the province of Quebec to join in a hospital insurance plan. Now that this problem is urgent and concerns practically all Canadian taxpayers, our Liberal friends opposite spare no effort in trying to delay the passing of this measure and talk, not in the interest of their taxpayers, but for our friends in the press gallery.

Mr. Speaker, this question—

Mr. Rouleau: I rise on a point of order, Mr. Speaker. The hon. member who has the floor is imputing to me motives which I did not have, when he says that I spoke first to delay unduly the proceedings of the house and secondly for other reasons he just mentioned.

(Text):

Mr. Deputy Speaker: Order. I must remind hon. members that we are currently discussing a bill which has nothing to do with federal-provincial relations between the federal government at Ottawa and the province of Quebec. To put the point absolutely in its true perspective, may I say that I believe the hon. member for St. Mary (Mr. Valade) should adhere in his speech to the matter being discussed which is the bill he has in front of him. I believe also that the same applied to the hon. member for Dollard (Mr. Rouleau) who in his speech undoubtedly concentrated more on federal-provincial relations between the government of Canada and the province of Quebec than he did on the bill. Therefore may I ask hon. members to discuss the bill under debate at present and leave federal-provincial relations in their proper sphere.

Mr. Valade: I thank you, Mr. Speaker, for having given this opinion because I am sure if this matter had not been raised before by

our Liberal friends we would not have had any discussion of the provincial government. I am going to continue in English, Mr. Speaker, because I wish to be understood very clearly on this question by my friends from the other provinces and those from the province of Quebec. If I get up to speak on this question it is because I want to say to the minister that I am completely agreeable to a scheme of health insurance in Canada. However, I notice in the bill an implication of the law concerning that part of the bill which states that drugs supplied shall be administered in the hospital. I know that it never entered the minister's mind to cause the people to have any doubts concerning pharmacists. As a pharmacist, I should say we enjoy a very good standing in society. As a result of the amendment in this bill, there may be some people who would question the equity of it in relation to pharmacists.

We are authorized to distribute prescription drugs, pharmaceuticals and biologicals. It is for this reason I am speaking on this question. I should like to bring to the attention of the minister the fact that many of the patients who would benefit from this insurance plan are people who may sometimes have to leave the hospital for a period of convalescence or for other reasons. Perhaps these people would need drugs and certain substances in the treatment of their condition. At the moment these persons would have to go back to the hospital in order to obtain these drugs from the hospital itself instead of being able to procure them from the pharmacist.

While I agree with the general principle of the bill, I should like to bring to the attention of the minister that, in this particular respect, the bill may cause certain disagreements between the pharmaceutical profession and others in connection with the administration of these drugs. It is for this reason I have intervened in the debate, and I hope my observations will be given consideration.

Mr. Deputy Speaker: I must remind hon. members that if the minister speaks now he will terminate this debate.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I think that probably the first thing I should say is to thank the hon. member for Essex East (Mr. Martin) for this fine bouquet which he sent across the floor to me a moment ago. Incidentally, I am not too sure whether or not he expected I would wear it. I do appreciate it.

Mr. Martin (Essex East): I want to thank the minister for graciously accepting and wearing such a beautifully coloured carnation.

Mr. Monteith (Perth): There have been many suggestions made during the course of this debate this afternoon, all of which I am very pleased to hear. Of course, I would point out that I have to disagree with some of the comments that have been made. The hon. member for Outremont-St. Jean (Mr. Bourque) indicated that he hoped there would be more than two provinces that would have signed by July 1. I think it was this member who indicated that a salesman does not feel he has closed a deal until he has a signature on the dotted line. I quite understand that approach. I would assure him, however, as I did earlier that I have every expectation there will be five provinces that will have signed by that date.

There were several speakers from the official opposition who took great pleasure in giving some credit for this legislation to the former government. I have no hesitation in agreeing that it was the former government that brought this legislation into force in April, 1957. I would point out, however, and I have mentioned this previously, that it is my firm belief that if the old government had been returned to power the federal government would not be participating in hospital insurance in any province in Canada until January 1, 1959.

Mr. Martin (Essex East): A mere statement is not proof of what is said.

Mr. Monteith (Perth): I think I could apply that to a lot of the hon. member's speech.

Mr. Martin (Essex East): All my remarks were statements backed up with authority.

Mr. Monteith (Perth): I would be glad to mention the status of the three provinces which the hon. member for Essex East queried. As he knows, there have been two agreements signed. In so far as Manitoba is concerned, the agreement is in readiness for signing. It occurs to me that there should be no reason to doubt the intent of the government of Manitoba as a result of Monday's events because it is obvious that when there was a change of government at Ottawa federal moneys were available for hospital insurance in Canada at an earlier date and I think that is an indication of what

might well happen with the government of a similar party.

Mr. Martin (Essex East): Is my hon. friend certain that the old government will not continue?

Mr. Monteith (Perth): I am certain of that.

Mr. Martin (Essex East): The minister had better read tonight's newspaper.

Mr. Monteith (Perth): I will be happy to do that if I can get out of here.

The Alberta legislation is being studied. As I indicated yesterday, we expect the minister and his officials from Alberta to be here tomorrow and the next day in consultation. So far as British Columbia is concerned, that agreement along with Saskatchewan's is before the government for consideration. Agreement in principle has been reached, and I have every reason to expect that those agreements will be signed by July 1.

The hon. member for Essex East tried to demonstrate that we were dilatory in forwarding the cause of this particular piece of legislation. Of course, I cannot agree with him. I think the exact words he used were that he did not want the house to consider that this would be fancy. Frankly, it did sound rather fancy to me, because it was quite a hypothetical argument he was building up. I can only repeat what I said before that there are two minor amendments in this bill for clarification purposes, and one primarily to get the federal contribution towards hospitalization in Canada under way.

I would mention that these are ten different schemes, or are very apt to be quite different in some respects. I do not expect that, necessarily, two out of the ten will be identical, if as and when ten are signed. As a consequence, there are bound to be differences, but whatever differences there are they will be according to the terms of the act. Under the circumstances, Mr. Speaker, I think I will take my place. If there are any questions later in committee, I would be happy to answer them.

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

On clause 1.

Mr. McMillan: I should like to ask the minister whether the province of Ontario is taking full advantage of such diagnostic services as are ordinarily given in a hospital. Then under section 1, which deals with subparagraph (iv) of paragraph (f) of section 2 of the act having to do with the provision of drugs, I should like to know what is meant there by "when administered in the hospital". If a patient is brought in, for instance, for an X-ray, is he considered to be an in-patient while he is there, just while the X-ray is being taken? Then, in connection with certain diagnostic services, a person may come to the hospital just for X-ray diagnostic services. Such patients are often given dyes which are ordinarily supplied by the hospital and which must be taken at regular intervals outside. If the hospital supplied those particular dyes for the patient to take, would it be covered under this act?

Mr. Monteith (Perth): Mr. Chairman, I feel that there has been somewhat of an attempt to leave the impression that the province of Ontario is not—what should I say—taking sufficient advantage of the terms of the federal act. I should like to repeat again what I have said on one or two occasions earlier in this debate, namely that the agreement with Ontario is fully in agreement with the terms of the act. I cannot go any further than that. As to the X-ray, either an in-patient or an out-patient comes under the terms of the act. I understand a technical term which the hon. member used means tablets, in other words. Am I right?

Mr. McMillan: Yes; or dyes.

Mr. Monteith (Perth): I understand that these would be given only while the patient is in the hospital. That is one of the clarifications that we have in this bill this afternoon.

Mr. McMillan: In other words, these dyes would not be supplied to the patient, to be taken outside in a course of X-ray diagnostic services?

Mr. Monteith (Perth): No.

Mr. McMillan: Is that right?

Mr. Monteith (Perth): No; they would not be supplied.

Mr. Martin (Essex East): I think the minister does not do himself justice when he says that the province of Ontario, in so far as diagnostic services are concerned, has taken full advantage of the proposal made by the federal government and embodied in the act. He says that what Ontario has done is within the terms of the act just as the agreement with Newfoundland is within the terms of the act. Of that fact there is no doubt. But the question is this, and this is not being offered in criticism of the minister. The question is simply one of clarification. What Ontario does is the responsibility of Ontario

and the minister cannot be charged with any action taken by any provincial government. However, the question is this. Does Ontario take full advantage of the diagnostic services proposal? I submit that the minister is wrong in saying that it does so.

Mr. Monteith (Perth): I did not say that. I said the agreement was completely within the terms of the act.

Mr. Martin (Essex East): The minister keeps repeating that statement, but that answer does not at all address itself to the question. The fact is that Ontario only accepts diagnostic services for in-patients, in accordance with the terms of the amendment, in a hospital; and with regard to out-patients, it accepts the diagnostic services plan only in so far as emergency cases are concerned. The whole series of diagnostic services that are contemplated in the case of out-patients providing for people who do not go to hospital at all, such as provisions for the use of those modern instruments used by the medical profession to give good diagnosis, are not being accepted by Ontario in so far as this agreement is concerned.

Mr. Carter: I have one question on which I should like to get clarification from the minister. It is understood that the agreement with Ontario is in some respects different from the agreement with Newfoundland. What is the position of the person who moves from one province to another?

Mr. Monteith (Perth): I am sorry but I was getting some information while the hon. member was speaking, and I did not follow his question.

Mr. Carter: I am wondering what is the position of a person who moves, say from Ontario to Newfoundland. In Ontario under the agreement he would be entitled to one set of benefits. In Newfoundland he would be entitled to a different set of benefits. Suppose a person moves from Newfoundland to Ontario or vice versa and requires services. What would the position be?

Mr. Monteith (Perth): There will be reciprocal arrangements so that no resident of one province, when moving to another, will lose out on any benefits. He will be covered when he moves to another province.

Mr. Carter: That does not clarify the question completely. Suppose a person living in Newfoundland is entitled to more benefits than is a person living in Ontario, or to a different set of benefits. Then suppose the person moves from Newfoundland to Ontario. In that case can he get the full benefits that he would get in Newfoundland or is he restricted to the benefits of Ontario?

Mr. Monteith (Perth): I imagine he will be restricted to the benefits of Ontario when he becomes a resident of Ontario.

Mr. Carter: I am not speaking of a resident; I am speaking of a visitor. I am speaking in terms of a person who just comes on a short visit and requires these services.

Mr. Monteith (Perth): I understand there will be three months' out-of-province benefits in that case.

Mr. Carter: But just to what extent? During those three months in Ontario, if he requires services, he cannot get the same benefits he would get if he were in Newfoundland. Is that true?

Mr. Monteith (Perth): No. For the first three months he will get the same benefits as he would have received in Newfoundland.

Mr. Howard: The minister mentioned the word "resident" which indicates a qualification as to what is and what is not a resident. I wonder whether he would like to clarify that matter for me. For the purposes of this act, when is a person a resident of a province? Is he a resident after so many months or what is the situation?

Mr. Monteith (Perth): As I understand it, Mr. Chairman, this may differ in certain provinces. In Ontario, for instance, a resident is a resident of that province immediately he comes into it, but there is a three month waiting period in respect to the availability of hospital insurance.

Mr. Howard: That is in the Ontario act?

Mr. Monteith (Perth): Yes.

Mr. Howard: I would like to take that a step further. As I understand it, the qualifying period before a person becomes a resident may vary from one province to another. It may be three months in Ontario or six months in Manitoba, or something of that nature?

Mr. Monteith (Perth): No, there will be no difference in establishing residence; there may be a difference in benefits during that first three months period.

Mr. Howard: Perhaps I can put the question in more basic terms. I am thinking in terms particularly with respect to the plan we have in the province of British Columbia, which requires one year's residence before you can be covered. I should like to know whether it is the hope of this government in dealing with British Columbia that before the agreement is signed that province will reduce the one year qualifying period?

Mr. Monteith (Perth): I understand there will be no province which has more than a three months' period and that while the

agreement has not yet been signed with British Columbia it is actually drawn up and ready to be signed.

Mr. Howard: Then, as I understand it, this three month arrangement would be a uniform definition of residence across the country?

Mr. Monteith (Perth): Yes, it is reciprocal and for the purposes of the act and the regulations a resident of a province means a person legally entitled to remain in Canada who makes his home and is ordinarily present in the province. It does not include tourists, transients or visitors to that province. The waiting period, however, will not be more than three months in any province.

Mr. Herridge: I would like to pursue that a little further, particularly in view of the fact that this act provides for an agreement between the federal and provincial governments in so far as hospital insurance is concerned.

Mr. Martin (Essex East): And diagnostic services.

Mr. Herridge: And diagnostic services. One can always rely on the former minister of national health and welfare to put a frame around it, although sometimes it is a bit too wide a frame for me.

Mr. Martin (Essex East): That is a very important part of the service.

Mr. Herridge: I know it is. I have known of cases where the wives and dependants of service men who have served in Europe for some time, those wives and dependants having been born in British Columbia, upon their return to Canada have been deprived of hospital insurance owing to the present regulations in that province, namely, the one year residence requirement. This has proved to be of great expense to them, and I know of one case where a man incurred on behalf of his family some $1800 in hospital expenses shortly after he returned home. I know of another case where a wife was taken ill and there were expenses of $500 or $600.

It seems to me that when these men are engaged in the defence of this country and are sent overseas and their wives go with them there should be a federal responsibility. They are defending this country and performing a service for the whole of Canada, and it seems to me that under the new arrangements these wives and dependants who are returning from overseas will still be denied the immediate benefits of hospital insurance under this act, which is in effect in the province to which they will return. I would therefore ask the minister, in view of the fact that the federal government is responsible for the welfare of the forces and their dependants and also of veterans, would it not be possible to have some clause written into the agreement between the provinces and the federal government providing for the serviceman's wife and his dependants receiving hospital insurance and diagnostic services immediately on their return to the province from which they left to proceed overseas?

Mr. Monteith (Perth): The hon. member has referred to Briitsh Columbia, where I understand there has been a special arrangement in effect during the last two years to assist in taking care of that particular problem. I am given to understand that is the case, but this is essentially a provincial problem. I am concerned about it but actually there would be, as I understand it, a three month waiting period in whatever province is concerned.

Mr. Herridge: Does the minister think it fair that servicemen who have volunteered to serve their country and who are removed from the country should be penalized on that account with respect to their wives and dependants when they return to their home province, and be denied the benefits of the Hospital Insurance and Diagnostic Services Act for a period of three months? I believe that is a penalty resulting from voluntary service to Canada, and I think it is unjust.

Mr. Monteith (Perth): I mentioned before that we are concerned with this problem and are continually studying it in an effort to arrive at a satisfactory conclusion.

Mr. Bourque: This afternoon when I was speaking, Mr. Chairman, I stated that the province of Ontario was signing for in-patients only with respect to drugs and diagnostic services, while the province of Newfoundland would extend that service to out-patients. The minister said this was not so.

Mr. Monteith (Perth): No, I did not.

Mr. Bourque: I may be a little green in this matter and possibly may seem ignorant with respect to it, but I would like the minister to tell us just what he had in mind when he said I was incorrect. If the situation is as I outlined, then Ontario citizens will get very much less than the citizens of Newfoundland.

Mr. Monteith (Perth): I think this is a similar proposition to the one mentioned a few moments ago. Newfoundland and Ontario have both signed agreements according to the terms of the act. Newfoundland has taken full advantage of all possible diagnostic

services. Ontario is having out-patient diagnostic services on an emergency situation basis.

Mr. McMillan: In reference to the reciprocal agreement which would apply when a person moves from one province to another, in replying to questions the minister said that if an out-patient under this act moved from Newfoundland to Ontario he would be entitled to benefits in the same way as he would in Newfoundland. How would Ontario be able to provide those benefits when it was not providing them to the other citizens?

Mr. Monteith (Perth): The Ontario people would collect from Newfoundland for the extra services.

Mr. McMillan: Is there an arrangement to that effect between the provinces?

Mr. Monteith (Perth): This is a reciprocal agreement.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Martin (Essex East): Mr. Speaker, will the house leader indicate what the business will be for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall conclude the debate on the NORAD agreement and then continue with consideration in committee of the hospital insurance bill. We shall then take the estimates of the Department of Public Works and, after we have concluded them, the estimates of the Department of Agriculture.

It being three minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

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

COASTAL TRADE COMMISSION EXPENDITURES

Question No. 45—**Mr. Howard:**

How much money, if any, was spent as a result of the royal commission on coasting trade for (a) remuneration to the individual commissioners; (b) the staff of the royal commission; (c) travelling expenses of the commission, the staff; (d) other expenses not mentioned above?

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

Up to March 31, 1958, only (a) $48,367.00; (b) $78,226.03; (c) $19,006.33 and $13,591.83; (d) other expenses such as professional services; advertising; printing and office supplies; telephone and telegrams, $92,403.49.

UNEMPLOYMENT INSURANCE PAYMENTS TO FISHERMEN

Question No. 87—**Mr. McWilliam:**

1. What was the total amount of unemployment insurance benefits drawn by Canadian fishermen from the date they became eligible to the latest date for which figures are available?

2. What amount was drawn by fishermen of Nova Scotia and New Brunswick respectively?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. Amount of unemployment insurance benefit paid to Canadian fishermen to May 31, 1958, $8,138,250.

2. Amount paid to fishermen to May 31, 1958: Nova Scotia, $1,516,827; New Brunswick, $938,812.

HOUSE OF COMMONS

Thursday, June 19, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

VETERANS AFFAIRS—MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. W. G. Dinsdale (Brandon-Souris) presented the first report of the standing committee on veterans affairs, and moved that the report be concurred in.

Mr. J. M. Forgie (Renfrew North): Mr. Speaker, unanimous consent is not given. We suggest that this motion should be placed on the order paper.

Motion stands.

AGRICULTURE AND COLONIZATION—MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Hayden Stanton (Leeds) presented the first report of the standing committee on agriculture and colonization, and moved that the report be concurred in.

Mr. Speaker: Has the hon. gentleman the unanimous consent of the house to proceed with this motion?

Some hon. Members: No.

Motion stands.

BANKING AND COMMERCE—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. C. A. Cathers (York North) moved that the first report of the standing committee on banking and commerce, presented to the house on Tuesday, June 17, 1958, be now concurred in.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this motion provides for the committee to meet while the house is sitting, and similar motions will apply to other committees. We of the opposition want to be as co-operative and as constructive as possible in this matter. We realize that there is a great deal of work to be done and that there may be occasions, as there have been in the past, when committees will have to meet while the house is sitting. But surely, Mr. Speaker, that need has not yet been demonstrated, and until the occasion arises when the need is obvious we do not think a motion of this kind providing for this procedure should be passed.

We are especially worried about this matter, Mr. Speaker, because of the number of committees that are being set up and the matters that are being referred to those committees. We share the worry which has been expressed in the house in previous sessions, notably by the hon. member for Greenwood (Mr. Macdonnell), about the inadvisability of taking matters from the house and committees of the house and referring them to standing committees to meet at the same time the house is in session. Therefore we hope the government will not proceed with this particular motion at this time.

As an indication of our anxiety in this matter, which seems to have been appreciated by the house leader the other day, I should like to quote from page 697 of *Hansard* of May 30, where the Minister of Public Works (Mr. Green) had this to say:

> Some members also asked whether the committees, I presume not only these two but all committees functioning this year, would be sitting while the house is sitting. There again common sense will have to prevail. We have had occasion to complain in the past about being dragged out of the house to committees all over the parliament buildings when we should have been in the house.

That is our worry at the present time, Mr. Speaker, and until the need for this procedure has been demonstrated we do not think it should be followed. We do not think that need has been demonstrated yet.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, we in the C.C.F. group also have a similar view relative to the motion now before the house. We do not feel it is right that members of the house should be asked to reach a decision at this time on such a motion.

Before us at the moment is a motion moved by the hon. member for York North on behalf of the standing committee on banking and commerce. There are three recommendations brought forward by the chairman of that committee, two of which we desire to comment upon. Those are the recommendations that the committee on banking and commerce be permitted to sit while the house is sitting, and that the quorum of the committee be reduced from 15 members to 10.

Now, Mr. Speaker, I have the privilege of being a member of that committee. Thus far the committee has met only once, and that one meeting was for the purpose of organization, and organization only. Yet out of a strictly organizational meeting of that

important committee on banking and commerce there comes a recommendation to reduce the quorum from 15 to 10, as well as the recommendation to meet while the House of Commons is sitting.

I know that you, sir, recognize the importance that parliament places on the standing committee on banking and commerce. It is of such importance that under standing orders the committee is allowed a membership of 50 and the quorum is set at 15. Surely, sir, 15 members out of 50 is a sufficiently low number to be in attendance in view of the fact that it has already been intimated that very important legislation is going to be referred to this committee.

As a matter of fact, two pieces of legislation have already been referred to it, and the Minister of Finance in his budget presentation on Tuesday night informed the house that some very important legislation, including in particular the bill on estate taxation, is going to be referred to the committee on banking and commerce. Surely a committee of that importance, with that important legislation coming before it, should not be permitted to function with a quorum as low as 10. It would seem that 15 would be the least membership that we could insist be in attendance while the committee is discussing matters referred to it by the House of Commons itself.

On this basis I want to oppose the motion now before us. In addition, I have a second reason, and that is the recommendation that the committee meet while the House of Commons is sitting. As I said before, I think it is rather peculiar that a committee which so far has only had an organizational meeting, before it has even dealt with any business referred to it and has a full understanding of the problems it is going to have to face, should ask for authority to sit while the house is in session.

The matter is one of major principle. Every one of us is here only because we were elected by the vote of the people. We are only here because we stood as candidates to be members of parliament, and when we stood as candidates I take it for granted that we accepted the responsibilities of being members of the House of Commons. Top priority amongst our duties goes to being a member of the House of Commons and being in our places in the house. Of a secondary but important nature is the work of the committees of the house, because they only deal with matters which are referred to them by the house.

I am certain, sir, that all members want to fully accept their responsibilities, both in the house and on committees. However, you cannot possibly be in both places at the same time. It may come about eventually, by reason of the exigencies of the moment and the pressure of business, that the committee may have to sit while the house is in session. Until that time, and the necessity for it is proven, we submit there should not be a request to this house for that power.

In particular we would draw to your attention that such a request should not be made so long as two out of the five sitting days each week are not being used by the select standing committees of this house. I appreciate the fact that two out of the 18 committees are going to make an effort to sit on Mondays. But it has been the practice, and it still is, that committees of the house do not sit on Mondays and on Fridays, mostly as a favour to what are known publicly as the T. to T. members. Mr. Speaker, the house does not meet on Monday morning. Monday morning is just as good a morning for a meeting of a select standing committee as is Tuesday or Thursday. Until such time as select standing committees are taking advantage of the opportunity to meet on Monday and Friday, as they do on Tuesday and Thursday, we say they have no right to ask that the house give power for a select standing committee to meet at the same time as the House of Commons.

Mr. Fraser: The house sits on Friday morning.

Mr. Winch: That definitely was the viewpoint taken for as long as I have been here by the hon. members who previously sat on this side of the house. I can very well remember time after time the present Prime Minister standing in his place on this side of the house and expounding, as only he can do so eloquently, to the effect that select standing committees should not meet at the same time as the House of Commons. We are asking that he use his eloquence now to stand by the same principle in government that he stood for when he was in opposition.

He was not alone, Mr. Speaker. I just want to add that I have here the statement made by the previous leader of the opposition, Hon. George Drew, as found at page 4343 of *Hansard* of June 2, 1955. It is as follows:

> Mr. Speaker, it is certainly our wish to facilitate the business of the house in every way this can be done with due regard for the efficient dispatch of public business. I would point out, however, that a number of committees are still sitting, and that they will be sitting in the mornings next week. If this motion is adopted, it will be a practical impossibility for the members of this house to perform their duties both in the house and on committees in the manner in which public business demands.

The same principle was expressed by the Minister of Finance when he also was on this side of the house. As reported at page 5619 of

Hansard of July 4, 1955, we find this very pertinent statement. I only wish he were here to be able to say it himself in the same manner in which he delivered his budget speech the other night. He said this:

—and it is simply impossible to do justice to the business of the house if committees are going to be sitting at the same time.

Need I say any more, Mr. Speaker?

Some hon. Members: No.

Mr. Winch: The members of the government know that all opposition members of the house will do everything possible to facilitate the business of the people and the business of government, but until the absolute necessity arises we ask that no motions be accepted in this house calling for a committee to meet at the same time as this house, and that no recommendation be accepted in this house to reduce still further the very small quorums of the present committees of this house.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, these heartrending appeals are extremely touching. As hon. members know, some of us now on the government side—

Mr. Winch: Did exactly the same thing.

Mr. Green: —served in the opposition for many years. In the first place I should like to assure my neighbour the hon. member for Vancouver East (Mr. Winch) that we have not changed a bit. We are just as good parliamentarians and democrats now as we were when we were sitting over on his side of the house.

Mr. Pickersgill: I think we would agree with that statement.

Mr. Green: There is one great art about being in opposition in respect of which the hon. member for Vancouver East is an expert, and that is the art of whining.

An hon. Member: What was that?

Mr. Green: Whining—w-h-i-n-i-n-g. I know that very well, because I was pretty good at it myself.

Some hon. Members: Hear, hear.

Mr. Green: But these Liberals; they still have a lot to learn about this art of whining.

Mr. Pickersgill: We will never learn that.

Mr. Green: Oh, you are learning fast. One of the first things you have to learn is that you must have something to whine about if you are going to do it. Here we have the Leader of the Opposition getting up today with a long face and protesting about this report brought in by the committee. What does the report ask? The first paragraph asks that the committee be empowered to print such papers and evidence as may be ordered by the committee and that standing order 66 be suspended in relation thereto. Second, it asks that it be granted leave to sit while the house is sitting.

Mr. Pearson: That is the point.

Mr. Green: And third, that the quorum of the committee be reduced from 15 to 10 members and that standing orders 65 (1) (d) be suspended in relation thereto. These are standard reports—

Mr. McIlraith: Oh, no, they are not.

Mr. Green: —brought in by committees. The hon. member had never looked at them when he was on the government side, so he would know nothing about it. There is nothing out of the ordinary in one word of that report; this is the practice which has always been followed.

Some hon. Members: No, it is not.

Mr. Green: It has been followed since I came here in 1935, and now hon. members are trying to blow up a great big complaint about the fact that a routine report is being brought before this house for approval. We have assured hon. members on more than one occasion during this session that these committees would not be asked to sit while the house was sitting unless it was absolutely necessary. Not one of them has been asked yet to sit while this house has been in session, but there come occasions in the later days of every session when it is necessary for a committee to sit. It has never been the practice to come back to the house then and ask for leave to sit while the house is in session.

An hon. Member: It has, over and over again.

Mr. Green: We are simply following the ordinary practice; and these complaints made by the official opposition, backed up, of course, by the professional whiners of the house, which by the way have already been made on more than one occasion, are merely a smokescreen designed to try to convince the Canadian people that we are being unfair to parliament.

Mr. McIlraith: And so you are.

Mr. Denis: As far as our publicity is concerned, we have no television set installed, as has the government.

Mr. Green: Oh, you are hardly ever here; I have not seen you here, but the people are in possession of the actual facts which are to exactly the opposite effect. There has

never been a Canadian government so careful of the rights of private members. Here we are giving these committees the opportunity to go into the business that is to come up; estimates being referred to them, committees being given the power to call for witnesses and send for documents, and in many cases the former government absolutely refused to have any of these powers given to committees. We have gone to the very limit, taken the maximum step, to help parliament in its own work and to treat the members of the opposition parties with every consideration. They know this deep down in their hearts, but they just like to make a little row in the house, hoping that they will get a little publicity.

The Liberals now are weeping and wailing because there are only 47 or 48 of them. I would remind the Leader of the Opposition that from 1939 to 1945—at least at the election of 1939 and the election of 1940—we elected less than 40 members on each occasion. We came in with 39 members. In 1945 we elected 67 members; in 1949 we were back to 41 and in 1953 we elected about the same number as the Liberals have at the present time.

Now their trouble is this, that we have these four ex-ministers sitting in the front row, these four horsemen of the apocalypse. They have to be on every committee. The Leader of the Opposition has to be on the estimates committee, because I suppose he does not know anything about what has been going on in the house and he is taking this as a means of finding out. But it was on very rare occasions when we were in opposition that the Leader of the Opposition served on any committee at all.

Mr. Pickersgill: He may not have attended, but he was on them.

Mr. Green: And some of these former ministers think nobody in the Liberal party but themselves can do anything around here. I hate to give them any advice, because from our point of view they are doing very well right now. I do not know how they could do better as far as we are concerned than the way they have been carrying on so far this session. But I will venture to give them one trade secret of how to function in opposition. If the Leader of the Opposition had a little more confidence in some of his private members, and gave them the responsibility on some of these committees instead of trying to run from one to the other himself and do all this work, he would not be getting up in the house complaining about not having time to attend committees.

[Mr. Green.]

Apart from this, those private members on the Liberal side of the house might come up with some constructive criticism which would be of some help to the country. They have not been spoiled by this power complex which was developed by the ministers in the last government for so long. These younger men, these new minds might, I suggest, bring about a great improvement in the functioning of the opposition if they were given more responsibility.

Now, Mr. Speaker, I come back to my opening remarks. This is a routine report from a standing committee which should be treated in that way, and we are not going to be bluffed by all this phony talk about the rights of parliament being interfered with in any way when we ask that the report of this committee be concurred in by the house.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, as one of those ex-ministers who supposedly has no confidence in the rest of the members of his party, but who happens to be one of the members who attended the only meeting of the banking and commerce committee which has yet been held, I want to make one or two observations which I would not have made if the leader of the house had not made the political speech to which we have just listened. I do not intend to make any such speech; I do not intend to do anything whatever but deal with a few simple facts.

The leader of the house said the Leader of the Opposition was rushing about from committee to committee. If the leader of the house was paying attention to his job he would know that the Leader of the Opposition was on only one committee, and it would be pretty difficult to rush from one committee to the same committee.

The leader of the house talked about this being a routine motion. If this were a routine motion it would not be necessary at all because in 1955, when the rules were changed, it would have been put into the standing orders. The plain fact is that it is not a routine motion at all, and that, until very recent years, it was a rare thing indeed for committees to sit while the house was sitting.

I notice that since hon. gentlemen opposite began to occupy the treasury benches they seem to have developed one very serious failing, namely a failing of memory, as the hon. member for Vancouver East pointed out this afternoon. I was very glad that he demonstrated that with reference to some of the things they used to say when they were over here.

In the committee—and I believe, sir, it is quite proper on a motion for concurrence to

refer to what was said in the committee—the hon. member for Vancouver East and I both objected to this motion, not on the ground that it might not have to be made some time; and we both gave the assurance that if a demonstrated need could be shown we would not oppose the committee meeting while the house was meeting. But we added we did not see the slightest necessity, when there was nothing at all before that committee except two relatively unimportant private bills, and at that time no prospect of anything else, why the government supporters should be rushing in and trying to get this power at this stage. I went so far as to suggest that the conservative position—and I use that word with a small "c", of course—that one should not cross bridges until he comes to them should be adopted in this case.

I do not think there is anyone on this side of the house who would be so unreasonable as to oppose a motion for the committee to sit while the house was sitting at a time when some urgent business was before that committee. But, in this instance, there is nothing before it at the present time except two small private bills, and there is nothing in prospect except a bill mentioned by the Minister of Finance the other evening, which he has not even introduced. Therefore obviously it cannot come before the committee for some considerable time, so there is no question of any smokescreen or anything of that sort. We simply believe that the committee should wait until the time arises when it is necessary to sit while the house is in session. If that time does arise, then we should deal with the question at that time and not now.

Furthermore, sir, as the hon. member for Vancouver East did, I raise the point about sitting on Mondays and on Fridays. There is no reason on earth, of course, why the committee should not sit on Monday except that it seems to suit the convenience of a certain number of hon. members to be somewhere else than in Ottawa on Monday mornings. Indeed, the hon. gentleman who moved this motion himself confessed that it would be inconvenient for him to be here on Monday.

In these circumstances, sir, it seems to me that no case whatever has been made out for bringing this motion forward at this time, and I would ask the mover of the motion to let it stand for the time being.

Mr. G. K. Fraser (Peterborough): Mr. Speaker, having been a member of the banking and commerce committee since 1940, I wish to say that the hon. gentleman who has just taken his seat is entirely wrong; because at every first meeting of the banking and commerce committee back to 1940 we have always had a motion that the committee sit while the house is sitting. If the Liberals now think that is wrong they certainly were wrong for the 22 years they were in office.

It has been suggested that we sit on Friday mornings. On account of the change in the rules a few years ago the house sits on Friday mornings, and it would not be possible or practicable to call a meeting on a Friday morning, because even if it were called at half past nine it would give only a matter of an hour and a half to sit, and when a committee calls witnesses it is unfair to those witnesses to call them in for an hour and a half.

Mr. Winch: How about Monday morning?

Mr. Fraser: Monday morning would be all right for some committees. I have no objection to Monday mornings, but there are occasions when a member has a great deal of correspondence to look after on Monday morning.

Mr. Pickersgill: He can do that while the house is sitting.

Mr. Fraser: Yes, it is true that some of it can be done while the house is sitting. The hon. member for Bonavista-Twillingate suggested that the work be done in our offices, but if the house were sitting an hon. member would not be in the house where he is asking us to be.

I know that all members of the House of Commons in general, including the Liberal members, feel that we should sit in the mornings and I am agreeable to that, but there are emergencies. That specifically refers to the sessional committee on government-owned railways and shipping at which officials of the C.N.R. are called. It would not be fair to those officials to have the committee sit for just half a day.

Mr. Pickersgill: It is not a standing committee.

Mr. Fraser: That committee sits morning, afternoon and night, and has for years. There are other committees to which we call people from out of town, from miles away. It would not be fair to them to sit say on Tuesday morning and then not sit again until Thursday morning, because each party has its caucus on Wednesday morning and the committee could not sit.

I believe it is only right, Mr. Speaker, that this motion should go through as is. It might not be put into effect, but it should be there for an emergency.

Hon. J. M. Macdonnell (Minister without Portfolio): Since my name has been referred to by the opposition I think I should add just a word. To the best of my recollection, comments I have made have been not upon

this particular point but on the question of referring estimates to committees. I think that is the subject on which I spoke. In any event, what I wish to say is that it seems to me that what the leader of the house has said this afternoon about this being a well recognized practice, followed for many years, is sufficient justification for its being followed again. Moreover, there has been no answer that I have observed from the opposite side questioning that statement of the leader of the house. Further, I have no reason to believe, nor has anyone in this house, that this power, if it is given, will be used unfairly or improperly.

Mr. Cathers: Mr. Speaker—

Mr. Speaker: I must inform the house that if the hon. member for York North speaks now he will close the debate.

Mr. Frank Howard (Skeena): Mr. Speaker, I have one or two comments to make before the debate does close. May I say at the outset that I, as a comparative newcomer here, enjoyed the humour of the house leader, the Minister of Public Works. Certainly we need that sort of levity regularly to ease the tension. The minister, besides being humorous, did give us an insight into why he has been continually successful at the polls during the number of elections in which he has run as a candidate. Obviously the reason is his ability to spread a smokescreen over something and so confuse the issue that people generally just do not know what they are voting for.

But what the house leader has done is to admit in effect that when he and the other members of the cabinet were sitting on this side of the house they were completely insincere in raising the objections they did to committees sitting at the same time as the house sat. If the minister does not admit that, then he is admitting that he is insincere at the moment in following the lead of the Liberal party which did substantially the same thing when they were in office. Sometimes raising a smokescreen is pretty effective, but no matter how the minister tries to smile or wriggle his way out of the situation he is trapped. He cannot have it both ways at the same time.

It is not a matter of whining, as he likes to put it; not a matter of raising objections just for the sake of trying to create the impression that the government is doing away with the rights of parliament, but purely and simply a matter of whether this or any other committee should sit while the house is sitting.

Finally, may I congratulate the hon. member for Peterborough for at least speaking to the subject.

[Mr. Macdonnell.]

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, when dealing with this subject I do think it is somewhat strange to hear from the mouth of the hon. member for Vancouver East the words we heard this afternoon. The members of his group complain that they cannot be present in the house and at committees at the same time, but I call to mind last Friday as an example of their assiduous attention to the business of the house. I would draw to the attention of hon. members of that group and others on the left of the Speaker that last Friday was an example. When private bills came up there was only one member of the C.C.F. group in his seat, the hon. member for Kootenay West (Mr. Herridge). Yet most of the private bills have originated with that group. We have an idea where these members were. I may be wrong but my information, and I think it is correct, is that they were out looking at an aircraft.

As far as the Liberals are concerned, on Friday and Monday afternoons there are horrible gaps in their ranks, and we know where they are.

Mr. Bourget: What about your side?

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

Mr. Lambert: People who live in glass houses should not throw rocks.

Mr. Howard: Would the hon. member permit a question before he takes his seat?

Mr. Lambert: Certainly.

Mr. Howard: I wonder whether the hon. member is aware that what we were attempting to do was to give the hon. member for Vancouver South (Mr. Broome) an opportunity to proceed with his bill respecting company directors.

Mr. Winch: That is the reason we did not proceed with ours.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I should like to put on record the attendance at the standing committee on mines, forests and waters.

Some hon. Members: Order.

Mr. Murphy: It so happens—

Mr. Speaker: Order. I am not sure that the hon. member would be in order in referring to the attendance at a committee whose report is not before the house.

An hon. Member: They do not want to hear it.

Mr. Speaker: The question is the following one: Mr. Cathers, seconded by Mr. McBain, moves that the first report of the standing

committee on banking and commerce, presented on June 17, 1958, be now concurred in.

Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Mr. Pearson: On division.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Cathers) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Broome
Browne (Vancouver-Kingsway)
Bruchesi
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Fulton
Grafftey
Green
Grenier
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Jorgenson
Jung
Kennedy
Kindt
Knowles
Korchinski
Lafreniere
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Letourneau
Lockyer
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLellan
Macquarrie
MacRae
McBain
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Montgomery
More
Morissette
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Ricard
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rynard
Simpson
Small
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Stearns
Stefanson
Stewart
Stinson
Tasse
Thomas
Thompson
Tremblay
Valade
Villeneuve
Vivian
Walker
Weichel
White
Winkler
Woolliams
Wratten
Yacula—169.

NAYS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Brassard (Lapointe)
Cardin
Caron
Carter
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Forgie
Garland
Godin
Gour
Granger
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—52.

ESTIMATES—CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. A. R. Smith (Calgary South) moved that the second report of the standing committee on estimates, presented to the house on June 17, 1958, be now concurred in.

NORAD—Canada-U.S. Agreement

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we have the same objection to this motion being proceeded with at this time as we had to the previous one. I will not delay the house by repeating that objection.

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to add one further word. We had a similar vote in the committee on miscellaneous private bills. At that time I was pleased to see that members on the government side sided in with the same arguments that were used here today, with the result that this particular motion was turned down in committee. I thought it rather strange that the same hon. members who not only voted against a similar motion but spoke very strongly in that regard—

Mr. Speaker: Order. The hon. member, by the rules, is not permitted to reflect upon the vote of any other hon. member.

Mr. Martin (Timmins): Mr. Speaker, I should just like to say that we do not want to delay the business of the house in any way but that we should merely like to register our protest on this particular vote. We certainly will not force a division of the house in that respect.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Pearson: On division.

Mr. Speaker: On division.

Motion agreed to on division.

PUBLIC SERVICE

HALIFAX—REPORTED LAY-OFF OF EMPLOYEES AT CITADEL HILL

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, may I direct a question to the Acting Minister of Labour. In view of the unemployment situation in Halifax will the minister arrange to have deferred the lay-off of government employees at Citadel hill, which was to be effective on Saturday next, June 21, following very short notice?

Hon. Ellen L. Fairclough (Acting Minister of Labour): If the hon. member will give me particulars of this matter I will have it investigated.

NATIONAL DEFENCE

NORAD—APPROVAL OF EXCHANGE OF NOTES BETWEEN CANADA AND U.S.

The house resumed, from Wednesday, June 11, consideration of the motion of Mr. Diefenbaker:

That it is expedient that the houses of parliament do approve an exchange of notes constituting an agreement between the government of Canada and the government of the United States of America concerning the organization and operation of the North American air defence command (NORAD) signed at Washington May 12, 1958, and that this house do approve the same.

[Mr. Smith (Calgary South).]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is always very difficult to resume debate after a break such as has taken place in the discussion of the matter now before this house. For the purposes of the record I would like to refer to the fact that on June 11 last I was dealing with this matter for only a few moments before the house adjourned, and what I intend to do today is simply to review one or two of the reasons for the course of action adopted by this government. Thereafter I will answer certain general questions which have been asked, and finally I will deal with the stand taken by the Leader of the Opposition and the rather tortuous course followed by the opposition from the time this matter first received the attention of this government to date.

It will be recalled that during the course of the debate reference was made to the perils faced by the free world and to the position of Canada vis-a-vis that of the United States and that of the U.S.S.R. In addition to the mover, the Minister of National Defence and the Secretary of State for External Affairs have spoken on this very important matter, the Minister of National Defence, of course, having addressed his remarks mainly to defence. The two ministers dealt with the special necessity for the implementation of this arrangement between Canada and the United States, and may I say that they reviewed the facts in a manner which clearly indicated their appreciation of the dangers facing our country and of the necessity for this action to be taken.

I particularly wish to emphasize, in view of statements made by various hon. members opposite, that NORAD is strictly defensive in nature and in operation. I realized, as I listened to the speeches of hon. gentlemen in all parts of the house, that there exists deep concern with respect to the tensions and the dangers which are even more apparent than at the time of the adjournment one week ago. This is because during the intervening period free men everywhere have been shocked to learn of what happened to the former Hungarian prime minister and those associated with him, which events indicate that the so-called soft attitude of the U.S.S.R., which seemed to have been apparent during the last two years, has now been supplanted by a form of Stalinism brought up to date.

I am not going to enter into an argument as to whether or not NORAD is part and parcel of NATO, but I would point out that Mr. Spaak, when speaking before the parliamentary association, did say with reference to this matter that the military plans of NORAD are known to the standing group in the military committee through the Canadian-United States regional planning group, and are studied there. This relationship supplies a base for co-ordination between the plans set up by the supreme commanders directly under the standing group and the plans of NORAD. He went on to say that it is in this context, therefore, that NORAD's role in the general framework of the over-all defence of the North Atlantic treaty area can be defined.

I would furthermore repeat that in so far as NORAD is concerned, it represents the extension of the principles of NATO to the North American continent, in that it makes provision for the joining together of free nations within the concept of NATO and for the purposes of NATO. Without discussing the connection between NORAD and NATO I wish to say that I believe, whether it is a part of NATO or not, it does strengthen NATO, which is all that matters.

It is defensive and not offensive. It will give muscles to NATO in North America. Indeed, in view of the recent reports to which I have just alluded, added strength has been given to the wise words of Sir Winston Churchill, who on December 31 last referred to the Atlantic alliance and suggested its members should give assistance and sympathy to any member state having problems in overseas territories. He said, as reported in the New York *Times* of January 1, 1958:

> It is on the unity and strength of the countries of the alliance, and particularly Great Britain and the United States, that the future depends.
>
> The North Atlantic treaty should not limit to Europe the scope of mutual assistance and sympathy among its members. We cannot have the closest exchanges here, and be indifferent to the interests of our friends in their overseas problems.

I repeat that all the arguments as to the actual legalistic position or otherwise of NATO in its relationship to NORAD in no way answer the problem with which we are faced, namely that with the American interest in North America—and by "American" I refer to the United States—with its large numbers of troops and other armoured personnel, whether or not they are in fact within the contemplation of the operations of NATO, they comply with the principle dedication of NATO to the preservation of peace.

I am going to refer to some of the questions that were raised at the very beginning before I say something on what to me is a very difficult problem, namely the strange and mystifying attitude of Her Majesty's loyal opposition in connection with this matter. The Leader of the Opposition asked on the basis of some report from Washington, which he did not identify, whether or not Air Marshal Slemon could exercise authority over United States forces under NORAD. He wanted to know how much of the time NORAD would be under the command of the Canadian air marshal. This question was answered by the defence news branch of the office of the assistant secretary of defence and public affairs of the United States, Allan A. Howell, when in respect to the question whether Air Marshal Slemon could commit United States forces without consulting the United States government but be unable to commit Canadian forces without consulting the government of Canada, he used these words on January 10:

> Air Marshal Slemon, in accordance with the agreement with the Canadians, is deputy commander in chief of NORAD, and in the absence of the commander in chief, exercises all prerogatives of command in the event of war or any other time.

There is no doubt about it. This was the defence news branch in Washington setting forth the position of the United States with regard to this matter. The only veto of any sort is that applied by the United States everywhere in the world, that nuclear weapons shall not be used excepting as authorized by the President of the United States, and that proviso applies everywhere in the free world in consequence of the position of the United States and of legislation in effect in that country.

The question was asked, does the agreement involve Canada in any action outside North America? The obvious answer to that is no.

Another question was, what will be the basis of financing the operations of the integrated headquarters of the command. The answer to that question is that the cost of the pay and allowances of the Canadians at NORAD is met by Canada, and no other costs have been considered to date.

Then the hon. member for Essex East asked —barring security—what was the relative strength of American and Canadian forces in the United States serving under General Partridge. An answer to that question had already been given on June 3 in reply to a question by the hon. member for Ottawa West, when it was stated that the strength of the Canadian forces serving at NORAD was eight officers, seven other ranks and two civilians, and in the reply it was also pointed out that the release of strength figures other than Canadian is not the responsibility of the Canadian government.

Among other questions asked by the Leader of the Opposition was this. Did the original decision made last summer to establish NORAD take into account the entirely new strategic situation created by the intercontinental ballistic missile. Well, I would hope that the hon. gentleman had the answer to that question. As yet I have not referred to all the items in connection with the memorandum on steps in the development of integration of operational control. I referred to early discussions in connection with this matter on May 14, 1956, when the Canadian chiefs of staff and the United States joint chiefs of staff agreed to refer to the joint study group the integration of operational control. On February 18, 1957 there was a memorandum prepared to the cabinet defence committee on integration of operational control of Canadian and continental United States air defence forces in peacetime.

It is interesting to note that two days after that event of June 10, 1957, the following appears in the record, and it strikes me as passing strange, although it is not the first time the Leader of the Opposition did not know what was going on at the time he was secretary of state for external affairs in connection with military matters. He revealed that much in June, 1956, in connection with the shipment of arms to Egypt, but I will not refer to that unless forced to do so.

Mr. Pearson: Go ahead.

Mr. Diefenbaker: But on June 12, 1957, two days after the election, an aide-memoire was forwarded to the then minister of national defence, Mr. Campney, by the chairman, chiefs of staff committee, outlining the position on integration of operational control with regard to the air defence of North America. I am not going back to the events when the matter was brought to the attention of the cabinet defence committee by memorandum on March 11, 1957, but even after the election this matter was raised; and it is passing strange that it did not receive any attention by the then government between those dates, when the aide-memoire provided the information necessary for the cabinet to act.

And then, on June 18, this memorandum reveals the degree to which complete consideration had been given to this matter by the chiefs of staff and also, I presume, by the minister of defence. The chairman, chiefs of staff, instructed Major General Sparling, Canadian joint staff, Washington, to see Admiral Radford, chairman of the United States joint chiefs of staff, and inform him that the Canadian chiefs of staff had placed the question of the integration of operational control before the government on Friday, June 14; that the outgoing government regretted to state that they did not consider they were any longer in a position to finalize any international agreement, and that there would therefore be some delay in the finalization of the matter.

In others words, consideration had been given to this question as a result of two years' discussion between the chiefs of staff and also with the minister of national defence of the previous government, with whose activities one would think the former secretary of state for external affairs would have been fully conversant. Only in the last few days evidence was given before one of the committees of parliament—the estimates committee—by one of the officials of the Department of National Defence to the effect that there was the closest possible relationship in the matter of exchange of information between those two departments.

The question was asked, did the original decision made last summer take into consideration the strategic situation created by the intercontinental ballistic missile. Those documents show that every consideration was given to all those factors, and I summarize by saying that all factors relating to the strategic situation, including the improvement in the manner of delivery of nuclear weapons, was fully considered prior to the establishment of NORAD.

Another question asked by the Leader of the Opposition was what functions were being given to NORAD to prevent any mistake in intelligence or in detection of aircraft, a matter which could be vital. It was vital in 1956; it was vital in 1957, before June 10. Well, such precautions as are necessary are set forth in the rules of engagement and included in the document entitled "Authority to Intercept and Engage Hostile Aircraft" which I tabled on June 10.

Another question was, can the commander of NORAD at his discretion move reinforcements across the border to meet operational requirements and, if so, under what conditions. Again I was surprised at the questioning attitude of the Leader of the Opposition. These things had been discussed; these things had been fully covered over a period of almost one and a half years.

And yet the Leader of the Opposition (Mr. Pearson), with surprise in his eyes, says: "I wonder what was done in connection with this" when, as a matter of fact, he either knows what the minister of national defence in his government was doing or if he does not know it does not show that degree of co-operation which should exist between the Department of

National Defence and the Department of Secretary of State for External Affairs. It is just one bit of further evidence of the reason why, in January, 1956, the hon. gentleman did not know that Harvard aircraft were being shipped to Egypt. But we carried the thing on day by day and week by week and found out finally that there was an order in council which was passed on January 10, 1955. He said that it was considered by cabinet; that it was a serious matter and one wherein every consideration should be given to the realization of the danger spot in the Middle East. It was considered by cabinet and the decision was the decision of cabinet. Then, they ended up by saying, well, in the first place there is not an order in council; in the second place it was never considered; and in the third place we did not know anything about it until after the shipment took place. This is just one more example of that failure on the part of the Department of External Affairs to have a knowledge of what the Department of National Defence was considering in connection with a major international matter. I refer to the question of whether the commander of NORAD at his discretion can move reinforcements across the border.

I would refer the hon. gentleman to the exchange of notes tabled in the House of Commons on May 19, 1958, which we are now debating, in which it is set forth in full as follows:

> Temporary reinforcement from one area to another, including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operational control.

The next question he asked was:

> Is Canada going to negotiate directly with Washington a bilateral pact for bases of nuclear projectiles.

That question has not been raised or considered.

In a very beautiful speech the hon. member for Mount Royal (Mr. Macnaughton) placed his views before the house. He asked two questions in particular in addition to those that have already been answered:

> Will the United States commander of NORAD have authority to order the R.C.A.F. to shoot down planes which the commander considers hostile, without first clearing his order with the Canadian government?
>
> ...has General Partridge been given authority to shoot first and ask permission later from Washington and Ottawa? If so, where is this shown in the agreement?

I have already stated in answer to these two questions by way of anticipation that action against hostile aircraft is covered by the rules of engagement which I tabled earlier in this house.

I have had the questions gone through most carefully to ascertain what questions have not been answered. These have not been answered and for that reason I have taken the time of the house to answer them.

I am now going to refer to what I said in the beginning as to the dangerous and uncertain courses adopted in this matter by the Leader of the Opposition on behalf of his party. First, as a member of the government he knew what was going on. Since the minister of national defence who was negotiating throughout was a member of that same government, the Leader of the Opposition knew what was going on. If he did not know, there is only one conclusion one can come to. However, the attitude that he has taken on this matter since last September or October is to me out of keeping with what might have been expected. As far as the asking of questions, as far as the most careful analysis of every matter that could possibly be revealed, and within the limits of security may be asked, are concerned, in that he discharges the function of a responsible opposition. But, sir, when he produced straw men to knock down, bogeymen to scare and arouse suspicion in the hearts of Canadians, I say that he went farther than that.

On reflection, to use those immortal words of the hon. member for Essex East (Mr. Martin) I am sure he will regret it. I think it was Winston Churchill who once said, "I do not resent criticism even when for the sake of emphasis it parts for the time with reality", and I think that pretty well sums up the need of criticism and also the limitation. But I say it is an altogether different thing when criticism departs from the facts for obvious political purposes.

I intend to deal with the course taken by the Liberal party on this matter. First, in the fall of 1957 the arrangements in general were attacked. The hon. gentleman said that he had no knowledge of the arrangements when, as a matter of fact, if he had not, there was no connection between departments, or whatever information was available he for some reason or other was unable to secure it.

Then, the next step was to arouse fears in the hearts of Canadians by playing the tune in every part of this country that we had deserted Canadian rights by sacrifices of Canadian sovereignty and had brought about a state of United States control over Canadian forces. I have a number of speeches that were delivered by the hon. gentleman pointing out the dangers of this. Well, he knew that the position of affairs was no different from having a NATO commander with the power over Canadian troops as today the United States commander has power over Canadian and United States troops.

Then he produced—and I have often wondered the reason for his doing it—that outrageous doctrine that Canada should notify the United States that unless their trade arrangements were brought in line with Canada's wishes we could not fully co-operate in defence. Not only he, but the former associate minister of national defence, Mr. Paul Hellyer, at the Liberal convention at the city of Ottawa said this:

I think that when they do come to us and ask for them—

And he was talking about defence concessions.

—we should be very tough with them and say to them: Look at our adverse balance of trade. You help by buying as much from us as we buy from you and we will go along 100 per cent in our mutual defence.

That is a strange doctrine, in a world where freedom is challenged, when we are in the position, as an hon. member said, of a Belgium, that we should advance to the United States a doctrine such as that. Is it the voice of responsibility to say that if we in Canada cannot have from the United States what we want in trade—and incidentally that tremendous trade in balance exercises the minds of my hon. friends opposite today to a degree that it did not when it was being piled up during their days of office—they should say to us that we in Canada should place ourselves in the position of committing international suicide and not be a partner unless the United States couples its actions respecting defence with those in respect of trade? I say I was amazed to hear the Leader of the Opposition raising a similar argument in this house.

What was the next step? First, we did not know anything about it. Second, we should act only under certain circumstances. Then, they said, "Well, you have got the agreement but it has not been sufficiently discussed, although they themselves had their experts and military officials discussing it, as I say, for a period of a year and a half. Then they raised the suspicion that war might start by the mistake of some officer although they themselves had produced the rules of contact in order to prevent that from occurring.

Now, as far as discussion is concerned, there must have been full discussion, not for the twenty or thirty minutes referred to by my hon. friends but a discussion over a period of two years. Why did they not go ahead? The Leader of the Opposition said that the reason they did not go ahead was that the election campaign was beginning and ministers had to go back and forth across the country. That is the first I knew that the election campaign began on March 11. The first knowledge that the House of Commons had was about April 20 that year and there was never any question during that period of time of ministers going back and forth across the country during an election campaign.

But I think my hon. friend rather revealed these facts, these fears and the reasons why action was not taken between March and June when he said, as found at page 1003 of *Hansard* of June 10:

For some reason or other—perhaps to obscure the bilateral character of the agreement; perhaps because they—

That is the government.

—were a little bit sensitive about the reaction in the country to the placing of part of the R.C.A.F. under a United States commander . . . they went out of their way to emphasize that this headquarters was an integral part of NATO—

I can only conclude that these words apply with even redoubled force as the latent reason, the direct reason, why this matter, the general purport of which had to all intents and purposes been determined by the former government, was subject to postponement of finalization until after the election was over.

Mr. Pearson: I wish to rise on a point of order. I have already explained to the house, and the Prime Minister will surely accept my word, that far from its being finally considered by the cabinet it had never been considered by any cabinet meeting at any time.

Mr. Diefenbaker: Mr. Speaker, naturally I must accept my hon. friend's denial in so far as he himself is concerned, which indicates once more that while he did not know other ministers of the then government did.

Some hon. Members: Oh, oh!

Mr. Pearson: Mr. Speaker, my statement refers specifically to the cabinet. This matter was never discussed at a cabinet meeting at any time. The Prime Minister must accept that.

Mr. Diefenbaker: Mr. Speaker, I have read the record and I will allow the record to stand. The minutes of the defence committee—

Mr. Pearson: On a point of order, Mr. Speaker, is the Prime Minister now stating that he has read the record of cabinet meetings of the previous government?

Mr. Diefenbaker: Pardon?

Mr. Pearson: Is the Prime Minister now stating that he has read the record of cabinet meetings of the previous government?

Mr. Diefenbaker: I have stated what I was reading from, namely the memorandum of steps on the part of the defence committee.

Let me say to my hon. friend that the first step I took on becoming Prime Minister was to direct, without any other consideration, that at no time should we ever examine any records of the cabinet proceedings of the last government to the end that those proceedings, having been discussed in secret, ought not to be available to a succeeding government regardless of any doubts that might arise.

Mr. Pearson: That is the normal practice.

Mr. Diefenbaker: I am simply quoting from the defence committee minutes and no one can challenge their correctness. Having first said that they did not know anything about it, having first said that no consideration was given, and there is no doubt whatever that consideration was given for about two years or a year and a half in any event, the next step was to say, "Well, you flouted parliament." My hon. friends opposite, Mr. Speaker, have suddenly developed an interest in parliamentary procedure which was not theirs during a period of 22 years. They have learned that much. They say that we should not have entered into the agreement without prior parliamentary consideration and approval. Did they do that? Does any responsible government do that? I point out first that I can give example after example in this connection since 1945 when agreements were first entered into between the executive and the foreign country in question and thereafter submitted to parliament. I refer to the protocol to NATO on the accession of the Federal Republic of Germany. That was in 1955. I refer to the interim agreement regarding international civil aviation on December 7, 1944, which was not tabled in the house until September 7, 1945. Then there is the convention on international civil aviation signed by Canada on December 7, 1944, and tabled on September 7, 1945. There is also the international air services transit agreement signed by Canada on February 10, 1945 and tabled on September 7, 1945, with a motion being made for approval later on in the second session of 1945.

I mentioned the agreement on civil aviation. The motion in that case was simply that it is expedient that the houses of parliament do approve the interim agreement on international civil aviation and that this house do approve the same. First the signature and then after signature presentation to parliament. Indeed, in 1926, as my hon. friend said, a type of wording of resolutions of approval was adopted, and by a simple reading the words of approval indicate that it was the intention of Mr. Mackenzie King, the then prime minister, first to enter into agreements and then, having done so, to submit them to parliament. Here are the forms of resolution that answer the specious argument advanced by my hon. friend opposite:

> That it is expedient that the houses of parliament do approve—
>
> Such and such an agreement.
>
> —signed at . . . and that this house do approve the same.

Alternatively there is this form:

> That it is expedient that the houses of parliament do approve ratification of the . . . agreement and that this house do approve the same.

That was the next step. Bogeymen and smoke screens. First, we did not consider the matter. Then there was condemnation by my hon. friend of the terrible danger to the people of Canada. Then there was the fear aroused in the hearts of Canadians that we had sold out Canada. Finally, there was the argument of the hon. member for Essex East who, in stentorian tones, said at page 1028 of *Hansard* that the question of the potential use of Canadian forces outside of Canada made it necessary to have the agreement submitted to parliament. Apparently he forgot what had taken place during the days when he was in the government, for on September 7 and 8, 1950, when the Canadian Forces Act was being amended, a question was asked regarding this matter of the former prime minister, Mr. St. Laurent, by the present Minister of Public Works (Mr. Green). That question is found at page 495 of *Hansard* of September 8, 1950, and was:

> May I ask the Prime Minister whether there will be a resolution authorizing the sending of troops to Korea?

This was the answer:

> No, sir; that would be something which has never been done. The government announces to parliament what its policy is, and asks parliament for the ways and means to carry it out. It is for that reason that we have our appropriation bill. If parliament does not authorize the ways and means to carry out the policy, it cannot be carried out. If parliament, on the other hand, on any motion of non-confidence, expresses its disapproval of the conduct of the government, of course the government resigns and some other group forms a government to carry out the will of the Canadian people as expressed by their representatives in parliament.

The next question was asked by the present Minister of Justice (Mr. Fulton) who said:

> An order in council will be tabled?

Mr. St. Laurent replied: "An order in council will be tabled." There is the record, a record of change and alteration, but always raising behind it a dust screen in order to conceal the actual facts from the Canadian people. But it finally remained for the hon. member for Essex East to speak.

He really came along at the end. He did not say there was a treaty or an agreement. He said there was no such thing. He said it was not an agreement, it was simply an agreement to agree. I marvel sometimes at the power of his language. Mr. Speaker, I enjoy hearing him in debate when he raises these great issues. His leader said that there was an agreement, but not the member for Essex East (Mr. Martin). He said it was simply an agreement to agree.

Even that was not original. I do not know where my hon. friend got that.

Mr. Martin (Essex East): From the same place you get a lot of your speeches.

Mr. Diefenbaker: I shall deal with that in just a minute. I marvel at his language. I marvel at his memory. He delivered that speech the other night, to all intents and purposes, without notes.

Mr. Deschatelets: It was a good one too; much better than yours.

Mr. Diefenbaker: I find it was, but I find it was not original. I find that my hon. friend got a *Free Press* editorial, and without referring to the *Free Press* used the same words as the *Free Press* used. No, that is not fair to my hon. friend. With the house in such good humour today, I do not want to be unfair to my hon. friend. It was not the same. He left out one "but". He said this is where I got my speeches, but, Mr. Speaker, the Winnipeg *Free Press*—

Mr. Pickersgill: It was the hon. member for Greenwood (Mr. Macdonnell) who used to use the *Free Press*.

Mr. Diefenbaker: This suggestion was made to me, and I think in fairness to my hon. friend every opportunity should be given to hon. members to really appreciate the memory of my hon. friend, the genial member for Essex East. I have heard of photographic memories, but I do think it fair my hon. friend should go back to March 20, 1958, to the Winnipeg *Free Press* editorial, which has as its heading "Agreement to agree".

An hon. Member: He has it.

Mr. Diefenbaker: This is one time when we are in agreement. But I want to be fair to my hon. friend. At page 1027 of *Hansard* for June 10, 1958, the first paragraph, he uses these words, and mind you, they are not from the *Free Press*, they are right out of the mind of the hon. member for Essex East:

> This agreement is not an elaborate one; in fact, it is not an agreement at all. The material before us does not represent an agreement, it represents—

[Mr. Diefenbaker.]

And so on. The Winnipeg *Free Press* used identical words, and then a little later on that page—

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. I would refer your honour to Beauchesne and ask, is it not contrary to the rules of this house to read from an editorial and to attribute to that editorial in the newspaper the very words used?

Mr. Harkness: You did it.

Mr. Martin (Essex East): I did not mention the newspaper. I would suggest to you, sir, my point of order is well taken. I did the other night exactly what the hon. gentleman did when, without referring to it, he quoted words on one occasion from a secret and confidential government document.

Mr. Diefenbaker: Now, that is old straw. We are dealing with something up to date. Who ever heard of such an argument, Mr. Speaker? He quotes Beauchesne to the effect that you should not refer to editorials in the House of Commons. My hon. friend did not ascribe this to the *Free Press*, he used these as his own words. All the way through the editorial, from paragraph two to the top of paragraph three—I will not quote this but I will allow my hon. friend to check me up—the only change was that where "written agreement" was referred to in the editorial, my hon. friend left that out because he is a lawyer and the editor of the *Free Press* is not. He put in the word "but" in order to clarify and improve the language and left out "yet". I have no doubt he wishes he had left it all out.

Mr. Martin (Essex East): Not at all.

Mr. Diefenbaker: Mr. Speaker, I am merely congratulating my hon. friend upon his ability to memorize. Oh, there was one other change, "U. S.", in the editorial became "United States" in the speech. All the way through, Mr. Speaker, it was the words of Paul and the thinking of Tom, and that is the reason for Beauchesne's rule that editorials should not be used in the House of Commons, much less as though they were the thinking and the words of the individual who uses them.

Mr. Martin (Essex East): I have three other good examples of yours I shall use very soon.

Mr. Diefenbaker: I have no doubt my hon. friend has other examples, because I have never reviewed these statements before. No doubt there are some that are the same as this.

I am simply pointing out that the course was one of change and vacillation, always designed to sow the seeds of distrust and

suspicion in the hearts of the Canadian people. Then, they end up, and this is what I cannot understand; after they criticized, ridiculed, castigated and condemned, I wonder how they are going to vote? My hon. friend, after ridiculing everything that had been entered into for the defence of Canada, then said that the agreement referred to in the resolution is not objected to by us. Then, why all the criticism? They conceived it in their days in office.

Mr. Pearson: That is not true.

Mr. Diefenbaker: They conceived it and their protests cannot deny it. The record speaks for itself. Even when the matter came before the cabinet, apparently, on June 14, and these are the words:

—the Canadian chiefs of staff had placed the question of integration of operational control before the government on Friday, 14 June;—

Mr. Martin (Essex East): I rise on a point of order. The Prime Minister (Mr. Diefenbaker) is saying that this matter was decided by the government of Canada. He also said it was a matter that was decided by the defence cabinet committee. As a member of both of those bodies I say, in confirmation of what the former secretary of state for external affairs has said, that is not in accordance with the facts. Under the rules of this house, the hon. gentleman has no alternative but to accept that without any comment.

Mr. Diefenbaker: I naturally have to accept the denial of my hon. friend. Then having accepted it, may I read these words:

—the government on Friday, 14 June; that the outgoing government regretted—

Mr. Martin (Essex East): Mr. Speaker,—

Mr. Diefenbaker: Wait until I finish this sentence.

Mr. Martin (Essex East): Will my right hon. friend tell us—

Mr. Diefenbaker: Mr. Speaker, I have the floor. I gave place to the hon. member once. I read these words:

—that the outgoing government regretted to state that they did not consider they were any longer in a position to finalize international agreements; and that there would be some delay in finalization of this matter.

Mr. Pearson: May I ask my hon. friend what he is reading from?

Mr. Diefenbaker: I am reading from a copy of the memorandum of the chiefs of staff committee setting out in detail what took place. My hon. friends, having endeavoured to place before the house and the country a transparent plan—should I call it that?—to lead the people to believe that this was something new and that we had brought about conditions detrimental to Canada's sovereignty, while they spoke they must have had some realization of what the chiefs of staff committee was recording. It is singular, but the last cabinet meeting that I recall was on June 14.

I am surprised that since last fall this matter should have been treated in the manner in which it has been treated. Throughout the election campaign it was mentioned frequently. The Canadian people were shown a terrible bogey man. My hon. friends tried to frighten the people with this kind of thing, and the same attitude has been shown in this house. Now, after all the smoke screens that have been raised, I ask my hon. friends opposite to support the motion. They have spoken derisively of this agreement; they have ridiculed it. They have stated that it is not an agreement. It is an agreement. Then the hon. member for Essex East, quoting the Winnipeg *Free Press* without giving to the editor the honour of the quotation, said it is not an agreement, it is an agreement to agree. Mr. Speaker, it is an agreement to provide for the salvation of the people of North America against a situation that far transcends any other reason or consideration and for the welfare of Canada. Hon. gentlemen opposite having said all these things, having determined to make this a political issue by arousing in the hearts of the Canadian people that fear that permeates the hearts of people everywhere in the world, I ask them now to rise and, by their vote, to strengthen the alliance which they have ridiculed for six long months.

Mr. Speaker: Is the pleasure of the house to adopt the motion?

The house divided on the motion (Mr. Diefenbaker) which was agreed to on the following division:

YEAS

Messrs:

Aiken	Bourget
Aitken, Miss	Bourque
Allard	Brassard (Chicoutimi)
Allmark	Brassard (Lapointe)
Anderson	Brooks
Asselin	Broome
Badanai	Browne (St. John's West)
Balcer	Browne (Vancouver-Kingsway)
Baldwin	Bruchesi
Baskin	Campbell (Lambton-Kent)
Batten	Campbell (Stormont)
Beech	Cardiff
Bell (Carleton)	Cardin
Bell (Saint John-Albert)	Caron
Belzile	Carter
Bigg	Chambers
Bissonnette	Charlton
Boivin	Chown
Boulanger	Clancy
Bourbonnais	
Bourdages	

Coates
Comtois
Creaghan
Crouse
Danforth
Denis
Deschambault
Deschatelets
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
Dumas
Dupuis
English
Eudes
Fairclough, Mrs.
Fane
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Frechette
Fulton
Garland
Godin
Gour
Grafftey
Granger
Green
Grenier
Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Hardie
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Houck
Howe
Jones
Jorgenson
Jung
Kennedy
Kindt
Knowles
Korchinski
Lafreniere
Lahaye
Lambert
LaRue
Latour
Leduc
Lennard
Lessard
Letourneau
Lockyer
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLellan
Macnaughton
Macquarrie
MacRae
McBain
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIlraith
McIntosh
McMillan
McPhillips
McQuillan
McWilliam
Maloney
Martel
Martin (Essex East)
Martineau
Martini
Matthews
Meunier
Michaud
Milligan
Mitchell
Monteith (Perth)
Montgomery
More
Morissette
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Nixon
Noble
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Paul
Pearkes
Pearson
Phillips
Pickersgill
Pigeon
Pratt
Pugh
Rapp
Rea
Ricard
Richard (Kamouraska)
Roberge
Robichaud
Rogers
Rompre
Rouleau
Rynard
Simpson
Small
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Stearns
Stefanson
Stewart
Stinson
Tasse
Thomas
Thrasher
Tremblay
Tucker
Valade
Villeneuve
Vivian
Walker
Weichel
White
Winkler
Woolliams
Wratten
Yacula—200.

[Mr. Speaker.]

NAYS

Messrs:

Argue
Fisher
Herridge
Howard
Martin (Timmins)
Peters
Regier
Winch—8.

HOSPITAL INSURANCE ACT

AMENDMENTS TO AUTHORIZE CONTRIBUTIONS TO PARTICIPATING PROVINCES, ETC.

The house resumed, from Wednesday, June 18, consideration in committee of Bill No. C-30, to amend the Hospital Insurance and Diagnostic Services Act—Mr. Monteith (Perth)—Mr. Rea in the chair.

On clause 1—*Commencement of Payments*

Mr. Carter: Mr. Chairman, I have before me a copy of the agreement with Newfoundland, and clause 12 of schedule B outlines the arrangements in respect of the cost of services provided for insured persons at hospitals situated outside the province, and in that clause it is stated that such payments will be made as specified under regulation 12. I wonder if the minister would tell us what regulation 12 is?

Mr. Monteith (Perth): I am sorry, but we do not appear to have a copy of the Newfoundland regulations here but if the hon. member would agree to state his question I think we might be able to provide an answer.

Mr. Carter: Perhaps I can get the information by putting the question in another form. The minister stated yesterday that if a person from one province was treated in another province; to be specific, if a person from Newfoundland received treatment in Ontario, then the government of Ontario would charge the government of Newfoundland for that service. Is there any agreement on the rates of charges for those services? Would the Ontario government charge the rate prevailing in Newfoundland, or would they charge their own rate, or is there a mutual agreement about those rates?

Mr. Monteith (Perth): There would be mutual consent or agreement as to the charges. The Newfoundland rates would undoubtedly prevail. In other words, they would pay on the basis of the Newfoundland rates.

Mr. Carter: The Ontario government would pay Newfoundland at the rate which prevailed in Newfoundland? Is that it? Is that what I understood the minister to say?

Mr. Monteith (Perth): I understand, Mr. Chairman, that the hospital in Ontario would collect directly, not the government of Ontario. The hospital in Ontario would collect either from the government of Newfoundland or from the individual patient who then, on his return to Newfoundland, would collect from the government of Newfoundland.

Mr. Carter: Mr. Chairman, that seems an extraordinary way of doing it, for a person to pay the cost in one province and then be under the necessity of collecting it himself. What would happen if a service were provided in Ontario to a person from Newfoundland which is not ordinarily provided to a person living in Ontario? Who sets the rate? Are they regular hospital rates?

Mr. Monteith (Perth): I think I mentioned this last night, Mr. Chairman. He would get the same service to which he was entitled in Newfoundland.

Mr. Carter: But who charges for that and at what rate, the rate prevailing in Ontario?

Mr. Monteith (Perth): Yes, so I understand, Mr. Chairman; it is at the Newfoundland rates, what they would pay for the service in their own provinces.

Mr. Carter: If a person were hospitalized in Ontario, then he would not have to pay Ontario rates if the Ontario rates were higher; he would pay the lower Newfoundland rate to that Ontario hospital?

Mr. Monteith (Perth): No. I understand, Mr. Chairman, there would be circumstances where he might have to pay extra. It would depend upon the point of view of the province of Newfoundland. In other words, if he were hospitalized in Ontario he might have to pay some charge over and above what similar hospitalization would cost him in Newfoundland. He would pay to the hospital in Ontario and he would then claim against the government of Newfoundland. Whether or not he would collect that extra I cannot say at the moment.

Mr. McMillan: Mr. Chairman, I understood the minister to say last night that the provinces would pay directly from one province to the other and the individual himself would not have to pay his bill.

Mr. Monteith (Perth): If that is so, I was wrong at that time because the hospital would undoubtedly collect from the individual. I think that is the way it would work out practically and the individual would then collect from his government when he returned.

Mr. Mitchell: May I ask the minister a question and probably he realizes why I am asking it. It seems to me that the explanatory notes are slightly ambiguous in connection with in-patients and out-patients. According to the explanation, no medication is available to a patient on a take-home basis, but (b) of the explanatory notes reads:

> To permit necessary accommodation, meals and drugs being provided in the hospital as part of out-patient services—

The explanation I would like to get is whether a patient needs to be confined to the hospital to receive this medication, or whether an out-patient can come back and forth to the hospital, to the dispensary or to wherever it might be where his medication is obtained. I realize that if it is in the form of hypodermic injections it would be handled in the hospital but if the medication is in the form of a daily dose of a certain type of drug could the patient come back to the hospital every day, or would that be considered in conflict with no medication on a take-home basis?

Mr. Monteith (Perth): I understand that this particular type of service would be medical treatment and as such would not come under the hospitalization plan at all. If I understand what the hon. member wishes me to deal with, it is, can the patient come back to the hospital on an out-patient diagnostic basis for one, two or three days in a row? Is that the thought? Well, he can, as I understand it, in Newfoundland but in Ontario it is only on an emergency basis.

Mr. Mitchell: That is what I wanted to clear up.

Mr. Bourque: Mr. Chairman, can the minister tell the committee the reason why he has not been able to obtain the signatures of the provinces of Alberta, Manitoba and Britisb Columbia? I have already asked this question two or three times, and so far I have not been able to get a satisfactory answer.

Mr. Monteith (Perth): I will try to run over it all again, Mr. Chairman. I think I have given the answer half a dozen times to the best of my ability. First of all, let me go back a little farther. Immediately I assumed office last August 22 I did start to study the Hospital Insurance and Diagnostic Services Act. The work had been going on in the meantime before I ever took office. My officials had visited in the provinces; there had been provincial officials in Ottawa, and this thing started to roll. Certainly, as I intimated when we took office, we were going to continue to give it impetus, which we did.

As time went on we had a technical conference. We had a technical conference last December 13 and 14, or some date in

there, at which time all officials of provinces were invited to attend. At that time all provinces did attend except one, namely the province of Alberta. The province of Quebec, I believe, had an observer there. From then on there were several visits to and from the provinces, all toward the development of an agreement and regulations. There was another technical conference held in April of this year at which Alberta officials were present and again Quebec had a couple of officials there as observers. All of the provinces were faced with the problem of making sure that their legislation was in conformity with the act.

There is a great deal of work attached to the preparation of one of these agreements and the necessary regulations, and I do happen to know something of that because I know how assiduously my officials and the officials of all the provinces concerned have been working toward the development of these agreements. But certain legislation had to be changed in some of the provinces to conform with our act. The whole program, has been developing. It was obvious last January when I made the announcement of this amendment that July 1 could be the date for some. As a consequence I announced at that time that we would move the starting date forward to July 1. We are working to that end now. Agreements have been drawn up and completed and are before the government for consideration with the provinces of British Columbia, Saskatchewan and Manitoba and, as I mentioned yesterday, officials of the province of Alberta are in Ottawa today and tomorrow. I do not think I can say any more.

Mr. Denis: With respect to Quebec, can the minister say whether the province of Quebec has said no, yes or maybe? I know that when there was a Liberal government the premier of Quebec said no, but there was an election and the Tory party came into power. We have seen reports in the newspapers that maybe he will enter into an agreement. I saw in the newspapers recently that he was supposed to be preparing some kind of agreement to submit to the federal government. As the legislation before us will come into effect on July 1, does the minister not think that the premier of Quebec is rather late in trying to take advantage of this wonderful legislation?

Mr. Monteith (Perth): I do not think it is for me to say what I think. All I can announce is that there has been no indication from the province of Quebec as to what their intentions may be.

[Mr. Monteith (Perth).]

Mr. Denis: There was no letter, no telephone call, no correspondence between the premier of Quebec and the federal government?

Mr. Monteith (Perth): No indication.

Mr. Denis: Nobody took the chance of writing to him or sending a telegram as was done with regard to the dominion-provincial conference on fiscal matters?

Mr. Monteith (Perth): No. I mentioned earlier that officials from Quebec were at both technical conferences as observers. They are quite well aware of what is available to the province.

Mr. Bourget: If my information is correct I do not think that Quebec has drafted legislation so far that would comply with the bill we have before us now. Is the minister aware of that?

Mr. Monteith (Perth): We are not aware of whether or not they have been working on any agreement or draft legislation.

Mr. Martin (Essex East): I should like to come back to the question put by the hon. member for Outremont-St. Jean, which is the kind of question we have been asking now for some time. I think the minister has advanced his position somewhat this afternoon but I do not think he has fully satisfied the committee as to the reasons why, with respect to certain provinces, no agreements have yet been signed. He has mentioned the fact that his officials have been very diligent and have worked very hard. Of course I would readily confirm this statement because of my own experience with the officials of the department, all of whom are very outstanding people who give great service to the country. This is the point of the question of the hon. member for Outremont-St. Jean. Can the minister tell us why there is no agreement signed today with the province of Saskatchewan, for instance?

Mr. Monteith (Perth): There has not been time for these things to be developed and completed.

Mr. Martin (Essex East): I am going to analyse that. The minister says there has not been time. The province of Saskatchewan has had a hospital insurance scheme in being for longer than any other province in our country. They have the necessary legislation to authorize them to enter into an arrangement with the federal government and they have had that authority for several years. That being the case, having a scheme in being, having the necessary authority to sign an agreement, can the Minister of National Health and Welfare tell us now why the province of Saskatchewan has not signed

an agreement? Have they not found our terms satisfactory? Have they been negotiating with regard to some of the terms? Surely it should be possible to tell us why a province like Saskatchewan, with all of these necessary conditions fulfilled, has not signed an agreement.

The same is true of British Columbia. British Columbia has had a scheme in being for a long time. It has the necessary authority to sign. In the case of British Columbia it may be that some necessary amendment was required with regard to out-patients, I believe it was, but my recollection is that British Columbia passed that amendment last fall. If that is the case, why has no agreement been signed between January 1 and the present time? I have made the statement, and I am not saying this in an acrimonious way, that from the progress that has been made I am satisfied it should have been possible to have agreements with those provinces that have hospital insurance at least by the end of last September.

What the committee is trying to ascertain from the minister in a friendly way, not with a view to making it difficult for him because we all realize how heavy his responsibility is, is the reasons why. Is it that some of the percentages of grant have altered because of the rise in costs? I have been looking over *Hansard* for yesterday and I find that some 59 questions were put that have not yet been referred to by the minister.

Mr. Monteith (Perth): So many of them were repetitious.

Mr. Martin (Essex East): My hon. friend says "repetitious". They are repetitious because we are seeking to impress upon the minister the questions that we have in mind. Look at the number of questions the hon. member for Burin-Burgeo put to the minister. True, he repeated questions but that was because the minister first of all did not seem to appreciate their nature and, second, when he gave an answer it did not seem to be satisfactory. As a matter of fact, I am going to deal later with one particular question because I do not think the minister's reply can be correct. If it is correct, then there certainly has to be some change made at once because the people of Newfoundland will be given the impression that they are getting from the federal government something they are not getting. I do not think that can be the situation.

However, the simple question before the committee now is why no agreement has been signed with Saskatchewan. The minister should tell us. Is it because Saskatchewan does not want to take the responsibility for Indians? Is that the reason? If not, what is the reason?

Mr. Monteith (Perth): I mentioned a moment ago that the agreement is complete and now before the government for consideration. Consequently, there is no reason. The agreement has been decided upon between the province and the government.

Mr. Martin (Essex East): That is not the question. Why was this not done months ago? I said that Saskatchewan has a scheme in being.

Mr. Monteith (Perth): It is not starting until July 1.

Mr. Martin (Essex East): I know, but if my hon. friend had got an agreement with Saskatchewan eight months ago, if he had got an agreement with the province of British Columbia eight months ago he could have come to the house and asked for the authority that he is asking for today.

Mr. Monteith (Perth): We are getting back to the old question. It would not have been done until the first of January 1959 if you had been in power.

Mr. Martin (Essex East): If my hon. friend wants to get this measure through he must do two things. He must first of all listen to the questions and then patiently try to deal with us curious members who have the obligation of asking him why more progress has not been made in this matter. I do not say by him but by the government of which he is such a distinguished member.

Mr. Monteith (Perth): What is the immediate question?

Mr. Small: If I may answer the hon. member for Essex East, the reason it is not signed is the same reason that he could not get it signed. The province would not sign it.

Mr. Martin (Essex East): My hon. and genial friend obviously does not know what he is talking about when he makes that observation. Would the minister answer the question?

Mr. Monteith (Perth): What is it?

Mr. Martin (Essex East): The minister said there is an agreement now before the federal government for signature. My question and that of the hon. member for Outremont-St. Jean is why that agreement was not before the government many months ago.

Mr. Monteith (Perth): I tried to explain a few moments ago the amount of work involved in developing these agreements. All of this takes time on the part of provincial government officials and federal government officials. It happens that at this exact time the agreement has been developed to the

point where it is ready for signing. I cannot answer in any other way.

Mr. Bourque: I have no doubt the officials of his department are trying to do a good job, and are doing a good job. I should like to know, has the minister been in communication with the premiers of the provinces himself?

Mr. Monteith (Perth): In several instances, Mr. Chairman.

Mr. Bourque: But not in Quebec. Yesterday, the minister told us Ontario had signed an agreement which included diagnostic services for in-patients and for out-patients it was confined to accident cases. He also told us previously that the agreement signed with Newfoundland included diagnostic services for both out-patients and in-patients. My question is, can any province sign an agreement and include only the services it wants, that is for partial services or for full services?

Mr. Monteith (Perth): So far as out-patient services go, they have diagnostic services. They have that part.

Mr. Bourque: If this is so, has the minister given any consideration to the amount of bookkeeping this is going to require, or the staff he will need, if each province is going to have a different system?

Mr. Monteith (Perth): There will not be any difference at all. The hospital charges are paid by the province to the hospital, and then we, in turn, make a monthly payment to the province covering our share of the hospitalization charge in that particular province. At the end of the year when we have all our costs assimilated, we will work out the exact position and make an adjustment.

Mr. Martin (Essex East): The minister said monthly, and I think it is quarterly.

Mr. Monteith (Perth): I cannot swear to that; monthly or quarterly.

Mr. Hardie: Can the minister tell the committee—

Mr. Monteith (Perth): May I correct that impression? I understand it is actually an advance payment monthly.

Mr. Hardie: My question is this. Has the minister submitted to either the territorial council of the Yukon or the Northwest Territories an agreement for signature?

Mr. Monteith (Perth): I understand that the subject has been before the commissioner and the council and the staff of the department, and is being studied.

[Mr. Monteith (Perth).]

Mr. Hardie: Can the minister tell me whether the agreement submitted to the commissioner is the same type of agreement as that submitted to the provinces?

Mr. Monteith (Perth): No, there has not been an agreement submitted. It is rather a matter of working out some scheme which will be suitable for the territories.

Mr. Hardie: Is it the intention of the government to submit to these people plans along the same lines, say with the same percentage, 50 per cent, to the territorial governments?

Mr. Monteith (Perth): This will all have to be worked out. After these discussions which are taking place, are complete and a report is received, undoubtedly there will be some sort of agreement with the territories drawn up. At the moment, I cannot say what the percentage would be.

Possibly I might point out to the hon. member that at the moment, as the hon. member for Essex East has pointed out, the percentage which is being borne by the federal payment does vary as between the provinces. In Newfoundland, actually it is going to be 68.3 per cent.

Mr. Martin (Essex East): Those are the figures for which I asked.

Mr. Monteith (Perth): It is 68.3 per cent.

Mr. Martin (Essex East): That is four per cent less than the original estimate.

Mr. Monteith (Perth): These figures are for January 1 to March 31, 1959. A monthly payment will be made for operating costs based on 68.6 per cent—I said 68.3 per cent—for Newfoundland; Nova Scotia, 57 per cent; New Brunswick, 57.9 per cent;—

Mr. Martin (Essex East): That is two per cent less.

Mr. Monteith (Perth): —Ontario, 48.8 per cent; Manitoba, 47.4 per cent;—

Mr. Martin (Essex East): That is a reduction of four per cent.

Mr. Monteith (Perth): —Saskatchewan, 42.2 per cent; Alberta, 48.8 per cent; British Columbia, 50.2 per cent.

Mr. Martin (Essex East): What would the Quebec percentage be under the new estimate of costs?

Mr. Monteith (Perth): I have not got a figure for Quebec.

Mr. Martin (Essex East): It was 53 per cent before.

Mr. Monteith (Perth): I have not any figure for Quebec. These figures are apt to vary, as we have mentioned before. The basis on which we participate in the shareable costs is

25 per cent of the per capita costs in the province, plus 25 per cent of the per capita cost across the country. Naturally, this is going to adjust the figures in the provinces from time to time, and the figures I gave represent estimates from the figures available.

Mr. Hardie: My point is, if this formula of 25 per cent of the provincial costs, plus 25 per cent of the national costs, is applied in particular to the Northwest Territories we will find a great difference. For instance, in the Northwest Territories today one-third of the population would be considered the responsibility of the provincial government, and the other two-thirds of the population is made up of Indians and Eskimos who come under the jurisdiction of the federal government.

Mr. Monteith (Perth): I quite appreciate that. As a consequence there would have to be some special arrangement worked out.

Mr. Hardie: Can the minister tell me whether this report which is to be presented will be presented to the territorial council at its July session so that the territories can come into this scheme on January 1, 1959?

Mr. Monteith (Perth): It will be a report to me, but I am not sure whether it will be ready for the July session of the council. Then the government will have to decide what steps are to be taken.

Mr. Martin (Essex East): Can the minister tell us what the situation is now with regard to the share of the federal government and the provincial government with respect to moneys paid by a patient who comes under a hospital insurance scheme with regard to semi-private or private rooms? I think the old formula was 60-40. Has there been any progress made in the negotiations on that point?

Mr. Monteith (Perth): It is at present 50-50.

Mr. Martin (Essex East): What is the objection that is taken now by the law officers of the crown to the hospital insurance scheme in Alberta, which makes it difficult to give it ready acceptance?

Mr. Monteith (Perth): It would be rather out of place for me to comment on that at the moment because negotiations are now taking place.

Mr. Martin (Essex East): I do not think it is a question of negotiations.

Mr. Monteith (Perth): It is not a question of negotiations, it is a matter of coming to an agreement.

Mr. Martin (Essex East): Then there is no difficulty, so far as the federal government is concerned in accepting as such, the hospital insurance scheme in Alberta?

Mr. Monteith (Perth): I made this statement earlier also, and this is probably one of the 60-odd questions to which the hon. member referred. I did say that the question at issue was as to whether or not the Alberta legislation fitted in with our act, and that has been before the law officers of the justice department for consideration. While these discussions are going on, I do not think I care to make any further comment on the matter.

Mr. Martin (Essex East): My hon. friend will realize that this is the parliament of the nation, and parliament has the supreme right to be told exactly what the policy of the government is towards this scheme in Alberta.

Mr. Small: As the Liberals told us when they were in power.

Mr. Monteith (Perth): There is no doubt about the policy. It is simply to reach an agreement.

Mr. Martin (Essex East): I did not catch the interjection of my hon. and genial friend.

Mr. Small: I say it was the same sort of thing that happened when you were in power. When we asked you a question we could not get an answer to it. As a matter of fact, they were questions of the same class. You said it was government policy and you would not answer.

Mr. Martin (Essex East): That is right. Now that we have disposed of this interjection, perhaps I might elicit certain information from the Minister of National Health and Welfare. I can understand how the minister could say "Well, the scheme in Alberta is not the kind of scheme to which parliament has authorized the payment of public money".

Mr. Monteith (Perth): I did not say it was not; I said we were studying it.

Mr. Green: The hon. member for Essex East is having a bad day.

Mr. Martin (Essex East): My hon. friend says that he is studying it. We are going to be here for a long time until we know precisely what it means. We are now giving the minister power to pay out money. I cannot understand why there should be any difficulty about the Alberta scheme if other modified schemes are being accepted. For instance, as to the scheme in Manitoba, is it a full hospital insurance plan? Does it cover every individual in the province? Is it confined to certain cases under certain contingencies? If that is the case, how does

it differ in principle from the kind of objection that my hon. friend would raise as against the province of Alberta?

Mr. Monteith (Perth): There is nothing irregular about the agreement with the province of Manitoba. There are absolutely no special concessions or anything of that nature whatsoever. It is fully within the terms of the act.

Mr. Martin (Essex East): My hon. friend keeps saying that it is within the terms of the act. I am glad to know that. Then why is the Alberta scheme not acceptable? The Alberta scheme is a scheme that provides for insurance for limited numbers of people. It is based on financial contributions made by the provincial government and the municipalities. But those are the only particulars I know of in which it differs from any of the others. That is why I want the minister to give us some explanation.

Mr. Monteith (Perth): I cannot go any further than I have gone, Mr. Chairman. I have tried to explain that there is a difference in the Alberta act and legislation. We have studied the matter and we have been studying it for some weeks. There has been discussion back and forth between officials of the province of Alberta and ourselves. We have been trying to determine whether or not we can accept it. We hope and we rather expect to find that the Alberta legislation is satisfactory. Certainly our main policy is to sign an agreement at the earliest opportunity.

Mr. Bourque: I do not want to prolong the discussion, but I cannot really understand this amendment. We read in clause 1:

1. (1) Subparagraph (iv) of paragraph (f) of section 2 of the Hospital Insurance and Diagnostic Services Act is repealed and the following substituted therefor:

"(iv) drugs, biologicals and related preparations as provided in an agreement when administered in the hospital,"

(2) Paragraph (i) of section 2 of the said act is repealed and the following substituted therefor:

"(i) "out-patient services" means all or any of the services set out in paragraph (f) to out-patients as specified in an agreement; and"

Then in the explanatory notes on the opposite page we find this:

(2) Section 2 (i). This amendment removes the existing exceptions concerning accommodation, meals and drugs. The present paragraph (i) reads as follows:

"(i) "out-patient services" means all or any of the services set out in paragraph (f), except subparagraphs (i) and (iv) thereof, to out-patients as specified in an agreement; and"

If this amendment means what it says, I cannot see how the government can make an agreement with any province for out-patients.

[Mr. Martin (Essex East).]

Mr. Monteith (Perth): I will try to explain this matter. It does take a little homework. I think I spent an hour or two on it myself before I had it entirely straight, not being a lawyer. Section 2 (f) of the act states as follows:

(f) "in-patient services" means all of the following services to in-patients, namely—

(iv) drugs, biologicals and related preparations as provided in an agreement,

Then subsection (i) of the act reads as follows:

(i) "out-patient services" means all or any of the services set out in paragraph (f), except subparagraphs (i) and (iv) thereof,—

Subparagraph (i) of paragraph (f) reads as follows:

(i) accommodation and meals at the standard or public ward level,

In other words, out-patient services mean all or any of the services set out in paragraph (iv) except; so as a consequence, by a strict interpretation, it has been argued—and I agree with the hon. member for Essex East; I am not too sure that this maybe is not all right but it is for purpose of clarification—that out-patient services are defined to cover all these in-patient services except those set out in paragraph (f) (i) and (iv), which would mean that out-patients could not get accommodation and meals or drugs, biologicals and so on as set out in (i) and (iv). Does that explain it?

Mr. Bourque: Yes, to a certain extent. But it is going to be an extremely complicated affair to interpret.

Mr. Monteith (Perth): No. I think it is rather simplifying it. The amendment states now:

1. (1) Subparagraph (iv) of paragraph (f) of section 2 of the Hospital Insurance and Diagnostic Services Act is repealed and the following substituted therefor:

"(iv) drugs, biologicals and related preparations as provided in an agreement when administered in the hospital,"

This first part simply means that when drugs, biologicals and related preparations are as provided in an agreement which is under paragraph (f) of section 2, then they must be forthcoming in the hospital and must be treated in the hospital. Paragraph 2 states:

(2) Paragraph (i) of section 2 of the said act is repealed and the following substituted therefor:

Instead of:

(i) "out-patient services" means all or any of the services set out in paragraph (f), except subparagraphs (i) and (iv) thereof,—

It reads at the moment that all these in-patient services except accommodation and meals at the standard or public ward level

and except drugs, biological and related preparations as provided in an agreement—except those—would be included in out-patient services. That is being repealed and there is being substituted the following:

(i) "out-patient services" means all or any of the services set out in paragraph (f) to out-patients as specified in an agreement; and"

So it will simply include (i) and (iv) as amended. In other words, all of these in-patient services will now be available on an out-patient services basis.

Mr. Hardie: Since the minister stated that discussions were going on between officials of his department and the Department of Northern Affairs and National Resources or the commissioner of the Northwest Territories, I wonder whether he and his officials would consider this suggestion? Because of the special provisions that will be required to give to the people of the Northwest Territories and the Yukon Territory the same benefits as those which will be derived by the people in the provinces, may I ask that special consideration be given to the problem of transportation. In the Northwest Territories, for instance, we have hospitals at Fort Smith, Fort Resolution, Yellowknife, Fort Simpson and Aklavik. A person breaking a leg or faced with some sickness that cannot be dealt with in a nursing station or by the R.C.M.P. is required to travel to the nearest hospital. This problem is a very serious one, especially when we are considering hospitalization for the people of the Northwest Territories and the Yukon. I would hope, therefore, that the minister and his officials will consider including transportation costs in the special provisions which he has mentioned would have to be made for the people of these areas.

Mr. Monteith (Perth): These things will be considered, and when I receive the report I will be very happy to look into the matter.

Mr. Winch: Now that the minister is in this mood for considering all these things, I wonder whether he would tell us whether consideration will be given to an arrangement between the federal and provincial governments for the care of those who need hospitalization but who are not eligible owing to the lack of one year's residence in particular provinces. I have in mind those people who would normally be the responsibility of the federal government, namely the thousands of women and children who are the families of those men in the armed forces who have taken their discharge on returning to Canada. Such people have lost their right to hospitalization and in fact the men themselves, upon taking their discharge, are not eligible unless they have resided for the preceding twelve months in the province concerned. Numerous cases have been drawn to my attention where they have incurred very heavy hospital bills during such a twelve-month period, and where no one can be held responsible for their welfare. I do think some provision should be made in that case.

Mr. Monteith (Perth): I am very happy to inform the hon. member that no province has a greater waiting period than three months under this new scheme.

Mr. Winch: That is under the new plan but it is still twelve months in British Columbia, or it was.

Mr. Monteith (Perth): It was at one time, but I understand an arrangement was made with the Department of National Defence. I may be mistaken.

Mr. Winch: No, I am referring to those who have taken their discharge from the armed services. The arrangement to which the minister refers applies to those who are still in the armed services.

Mr. Monteith (Perth): In any event there is no longer waiting period than three months in any province.

Mr. Bourque: The answer the minister gave me a moment ago would have been satisfactory and I thought it was at the time he gave it, but I have now read the explanatory notes. The purposes of this bill are set out as follows:

(a) to specify that the drugs, biologicals and related preparations which may be provided as part of in-patient services may not be given to patients on a take-home basis;

It therefore becomes very complicated for the out-patient, and I understand it is a matter of discretion which might give rise to difficulties when trying to make arrangements.

Mr. Monteith (Perth): The hon. member will notice in section 1 (1) of the bill, item (iv) of paragraph (f) is being changed to indicate that these preparations as provided in the agreement are to be administered in the hospital. The explanation in the explanatory notes under (a) includes the words, "may not be given to patients on a take-home basis", and the addition under (iv) includes the words, "when administered in the hospital". The limitation is therefore included to provide for administration in the hospital only.

Mr. Bourque: I think it is important that this should be interpreted for the house, because out-patients are not provided for in this amendment. The amendment refers only to patients in the hospital.

Mr. Monteith (Perth): If the hon. member would refer to subsection 2 of section 1 of the

bill, I think this matter might be clarified for him. Subparagraph (iv) of the first section provides:

(iv) drugs, biologicals and related preparations as provided in an agreement when administered in the hospital,

In-patient services are set out in the act itself but subparagraph (iv) to which I have just referred changes the wording to say these preparations must be administered in the hospital, so that covers in-patient services.

Section 2(i) of the act defines out-patient services as meaning all or any of the services set out in paragraph (f) and, as I pointed out, paragraph (f) defines in-patient services. In other words, all in-patient services are included except sections (i) and (iv), and the amendment deletes (i) and (iv). In future therefore out-patient services will include all of those in-patient services under (f) excepting that drugs and biologicals must be administered in the hospital.

Incidentally, out-patient services are as set out in the agreement, and that is why some may differ.

Mr. Batten: It may be quite feasible that under the present formula of 25-25 there will be fluctuations in the percentage of cost paid to any province. This is evidenced by the fact that the percentage paid to Newfoundland, which would have been 72, but is now 68.6. Having decided what the percentage is to be for any one province, for how long will that percentage obtain?

Mr. Monteith (Perth): Just for one year. The figures are adjusted when the actual costs are presented.

Clause 1 agreed to.

Clause 2 agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): Shall this bill be read a third time now?

Mr. Martin (Essex East): Oh no. I think we have been very generous with the minister. No doubt he will wish to look at some of the questions he has not answered, and I think we ought to defer third reading.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

341. Improvements generally—not more than $25,000 to be expended on any one project without the approval of treasury board, $700,000.

Mr. Bourget: I think the minister was about to give us a breakdown of this amount of $700,000.

[Mr. Monteith (Perth).]

Mr. Green: When this estimate was under consideration the other day I read off some examples of the expenditures covered by the item. Today I have a much longer list. I would be very glad to let the hon. member see it at any time. As a matter of fact, even this list is not a full list because some of the items go down as low as $100.

Mr. Bourget: I do not ask the minister to read all the projects but if he would be good enough to give us the breakdown by provinces.

Mr. Green: I have not got it now, but I will get that information. The hon. member will notice that in the details of the estimate it is divided between expenditures in Ottawa and expenditures elsewhere; $150,000 for Ottawa and $550,000 for other centres.

Item agreed to.

342. Maintenance and operation of public buildings and grounds, and to authorize commitments against future years in the amount of $1,300,000, $44,000,000.

Mr. Fisher: I should like to bring up at this time a point I did not have the opportunity of raising on a previous item in the estimates. I refer to the operation of the central heating plant and its relationship to the question of public buildings. I understand that two years ago an extension was made to this heating plant and that two more boilers were put in, and yet anyone who visits the plant at the present time will discover there are quite a number of boilers not in use. The question that comes to mind immediately is why more boilers are needed; how many boilers were operated last year of the boilers in service; how many boilers have they altogether; and how many will they have altogether.

Mr. Green: The position is that there are three boilers known as the Leonard which are modern boilers, thoroughly efficient and two of a smaller type known as Kidwell boilers and four old Babcock boilers which are used as standby boilers. I am wrong. The Kidwell boilers are the standby boilers. The four Babcock boilers are obsolete. They are very small and make a lot of black smoke. We are going to buy one new Leonard boiler.

Mr. Pickersgill: The minister's reference to black smoke leads me to inquire whether the Department of Public Works maintains that smoke-belching equipment behind the national research council and to express the hope that the Prime Minister will not have to drive through the smoke very much longer.

Mr. Green: Perhaps the hon. member for Bonavista-Twillingate has been driven through it too.

Mr. Pickersgill: I have been driving there, too, yes.

Mr. Green: Apparently this is the first complaint we have had about this smoke. We should be very glad to look into it.

Mr. Pickersgill: As the minister knows, I walk along there every morning and I have more opportunity to see this smoke than the people who are whisked by in motor cars.

Mr. Green: I would not like the hon. member to get more smoked up than he is.

Mr. Fisher: How many of the boilers operated last winter. Did any of the standby boilers that are not efficient operate last winter?

Mr. Green: The four Babcock boilers were only operated in times of emergency.

Mr. Fisher: Are we to assume that because these boilers are inefficient they must be taking up space? Are the new boilers to have new housing, or are the Babcock boilers being removed to put these in?

Mr. Green: No, the building is large enough now to accommodate all the boilers we have at the present time and two in addition.

Mr. Fisher: The two in addition are the ones that were inefficient.

Mr. Green: No, there is room for two new ones.

Mr. Fisher: Are we going to carry on with the inefficient boilers or are they going to be scrapped?

Mr. Green: As soon as we have acquired a new Leonard boiler the four old Babcock boilers will be taken out.

Mr. Fisher: What is the situation with regard to the staff looking after these boilers? Are a certain number of people working on each boiler permanently, or are people added to the staff as more boilers are brought into use?

Mr. Green: No. The Babcock boilers are only put into use when some of the other boilers are out of use.

Mr. Fisher: I should like to make a final suggestion to the minister. I have heard complaints and very serious criticism in connection with the whole operation of this plant and these are the sort of things which, as referred to earlier, put the whole civil service and especially the Department of Public Works in a bad light. These criticisms are circulating, and though I am not suggesting that they are in every way well founded they have been made to me by people in Ottawa who seem to know a certain amount about the situation, and they suggest that this is a very bad example of government inefficiency. Will the minister check into the situation personally to see whether there is anything to this?

Mr. Green: We shall be very glad to have a look at it. Sometimes we do get those complaints from people who may have been told by someone else, or they may have a spite against somebody working in the plant. I doubt whether the information given to the hon. member is accurate. We shall be glad to look into it.

Mr. Bourget: Mr. Chairman, before you call it six o'clock I ask the permission of the committee to ask the minister for information which should have been asked for on item 328. Will the minister be kind enough to give me the number of new engineers and new architects who have been employed by the department since July 1 of last year and where they are located, either in Ottawa or in district offices.

Mr. Green: I will be very glad to get that during the dinner recess.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

343. Furniture and furnishings for government departments, $1,818,650.

The Chairman: Shall the resolution carry?

Mr. Bourget: No. I thought the minister was going to answer the question I asked at six o'clock.

Mr. Green: I have not yet got the figures for engineers and architects who have been employed but I do have a breakdown of vote 341 having to do with improvements generally. The figures are: Ottawa, $150,000; outside Ottawa: Newfoundland, $36,450; Nova Scotia, $15,000; New Brunswick, $7,400; Prince Edward Island $2,375; Quebec, $300,045; Ontario, $107,580; Manitoba, $10,400; Saskatchewan, $35,510; Alberta, $10,500; British Columbia, $24,740, a total of $550,000 outside Ottawa and an over-all total of $700,000.

Mr. Bourget: Under item 343 I should like to ask the minister if any new centres for the supply of furnishings or materials needed for the different public buildings have been established. I recall that in the past there

were centres established at Montreal, Toronto and Winnipeg. Have any new centres been established?

Mr. Green: No, there has been no increase in the number of purchasing agencies.

Mr. Bourget: Was I correct in saying that there are supply centres or warehouses at Montreal, Toronto and Winnipeg? Are there other centres I have forgotten, such as possibly Vancouver?

Mr. Green: In addition to the ones the hon. member has mentioned there is a small purchasing office in Vancouver.

Mr. Bourget: Centres have not been established in Quebec city, Windsor or Hamilton, for example?

Mr. Green: Purchases in the Quebec area are handled from the Montreal office. The Toronto office handles western Ontario.

Mr. Bourget: There are some cities where the department buys locally from local suppliers such things as soap and so on needed in public buildings.

Mr. Green: There would be some small items but practically everything is bought under the tender system and in the form of bulk purchases.

Mr. Pickersgill: Does that mean that when the customs building is completed in St. John's, for example, the furnishings for it will be bought in Montreal?

Mr. Green: The tender call will come from Montreal but, mind you, it will be advertised in Newfoundland.

Mr. Pickersgill: I would hope so.

Mr. Green: So would I.

Mr. Bourget: Is it the intention of the department to establish a centre of distribution in Newfoundland, for instance? I think it would be a good idea in order to help the local suppliers.

Mr. Green: In due course we hope to be able to make this extension. Eventually there will probably be about six centres in Canada.

Mr. Bourget: Taking Newfoundland, for instance, if a warehouse were established in Newfoundland would tenders for supplies then be called for only within the province or outside the province?

Mr. Green: No, they would probably be called over a larger area.

Mr. Bourget: From the manufacturers.

Mr. Green: Yes.

Item agreed to.

[Mr. Bourget.]

Harbours and Rivers Engineering Services—

Acquisition, construction and improvements of harbour and river works.

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be assistants, was so limited that the department expended on individual listed projects—

345. Newfoundland, $3,640,000.

Mr. Pickersgill: Mr. Chairman, I have a few observations to make on this item. The other day when I spoke on item No. 1 of the minister's estimates I had just started to say something about the great value of small public works that require very little planning and very little advance organization. It so happens that all around the coast of Newfoundland and particularly in my riding there are many such works that are still very badly needed.

It is true that in the nine years since confederation the most urgent works have been done. But there was, as the minister knows, a long period before that when, first because of economic difficulties and then because of the war, marine works such as wharves, break-waters, slipways and other services, which under confederation the federal government has the responsibility for supplying, were seriously neglected, and I think I will offend nobody by saying that. The result is that, despite the magnificent and untiring efforts of the minister's department over the last nine years, there is still a great deal of this work to be done, as the minister is well aware. As I said the other day, part of the reason that more has not been done in the last few years is that the availability of supervisory personnel, engineers and engineers' assistants, was so limited that the department simply could not redouble its efforts.

But, at a time like this when, according to the latest figures we have been given, 24 per cent of the working force of Newfoundland is unemployed, surely something extra could be done. Those are figures which the bureau of statistics gives us, so no hon. members should suggest I am exaggerating. We are hoping that when the figures come out for May they will not be quite so bad. The improvement, as I know from having been there only last week, is not anything like as encouraging as we would like it to be. Anything the minister can do to speed things up this year, or toward planning for next year, would be very welcome indeed.

I have told the minister twice, and I do not think it will do me any harm to say a third time, that I welcome his suggestion he is going to build a real shelf. I have a few items that I should like him to put on the shelf. I believe the simplest way would be to start systematically at one end of my

riding and go through it very quickly. It will be an interesting tour, and it would make me happy if the minister would come along and make the tour with me.

An hon. Member: On your boat?

Mr. Pickersgill: I do not know whether or not that would be the minister's idea of a holiday, but I am quite sure if he did it he would be completely convinced.

Mr. Green: Would there be a real sailor on board to look after the ship?

Mr. Pickersgill: Yes, and I can assure the minister there would not only be a good sailor on board but a good cook as well. The minister looks as though the ministrations of a good cook would not do him any harm.

Mr. Green: I have gained 20 pounds since I got over here.

Mr. Pickersgill: I can assure the minister that his experience is not the experience we had when we were over there. We worked so hard we lost weight.

Mr. Green: You lost more than weight.

Mr. Pickersgill: Happily at any rate, in my case I did not lose a very important part of my anatomy, my seat.

Being here as a representative of the constituency of Bonavista-Twillingate I feel that my constituents would expect me to indicate some of the more urgent of these marine works that the minister could undertake. We would all be grateful if he were able to undertake them, if not this year, then next year, and in some cases it might take a little longer than that.

I am going to start at Twillingate, which is one of the largest and also one of the most historic fishing settlements in Canada. there are 35 families. At Bluff Head cove, Twillingate in addition to the main harbour. As the minister is undoubtedly aware, a considerable dredging operation has been under way, perhaps I should say was under way for a while but was suspended because of what was felt to be a more urgent need at Port-aux-Basques. I have no complaint about that. However, I do hope, at the earliest possible date, the minister will find it possible to have the main dredging operation at Twillingate resumed.

In addition to that there is the need for a breakwater at Jenkins' cove to protect the fishermen's boats. I may say there are about 75 fishing families involved there. A similar breakwater is needed at Ragged point, where there are 35 families. At Bluff Head cove, there are about 35 fishermen, most of them heads of families. In addition to that, the minister's department did an excellent job last year with a bulldozer dredging one of the coves in Twillingate. This was a relatively small job, but the appreciation of those fishermen would touch the minister's heart deeply if he had a chance of meeting them.

There are several other coves, Jenkins' cove, Durrell Bottom Maidment and Hillier's Bottom, and Shoal Tickle, where only a little dredging with a bulldozer would improve the situation immensely. Then, moving from Twillingate island to New World island, it is true that the main settlements at New World island have excellent wharves, but there are a number of smaller places where wharves are needed. Bridgeport, Tizzard's Harbour, Hillgrade and Carter's Cove, are places that just come to my mind quickly on thinking it over.

In addition to that, there is a small dredging operation which I would hope the minister might find it possible to get done at Whales Gulch. I am very glad to see that it is proposed to go on this year and finish the Pikes Arm canal, because it is going to be of immense advantage to the fishermen in that area. I may say that, when I was there on other business in March, I saw the new wharf at Birchy bay, and the lobster fishermen especially are tremendously pleased with that wharf. However, like Oliver Twist, they would like a little more. They would like another block on the wharf so that they would be able to reach deeper water. Then, Boyd's cove is an important place. It is a jumping-off place for the islands and it very badly needs a wharf. If this would touch the minister's heart any more, I would say that Boyd's cove was one of the few places where I did not get a majority, so perhaps the minister would undertake to build a wharf there right away.

Mr. Green: What did the hon. member say they needed there?

Mr. Pickersgill: A wharf; this would be a relatively expensive wharf, but it is very badly needed. Then, a smaller wharf is needed at Port Albert. Port Albert is at the end of the line of the road being built, and when the road is built a good part of the traffic to Change islands and to Fogo island will come up the road from Lewisporte to Port Albert and by boat across to these islands. In addition to providing for the needs of the fishermen, such a wharf would provide for the needs of the traffic both of persons and of freight.

Then, going into Gander bay, there is a perennial problem of getting a coastal wharf at Gander Bay. The minister's officials will tell him what a vexing problem this is, and

if the minister can solve it we will all be very grateful. There are, in addition, two or three places in Gander bay, the Gander Bay settlement itself, Main Point and Davidsville, where landing wharves would be of immense help to the people. Then, there is a wharf at Frederickton, which is well known to the minister's officials. This is the Frederickton in Newfoundland, of course. At Frederickton, the view in the community is that a small block at the end of the wharf is what is needed. I do not presume to offer a professional opinion on that, but there is an improvement needed at Frederickton. Then, at Carmanville there is one of the greatest antiquities in Newfoundland and one of the longest wharves. I do hope the minister's department will get around to replacing it before it collapses entirely. Carmanville is a big and growing settlement and this is a great need of the people.

Then, going back to Change islands, there is a long standing need for a wharf. This is an important fishing settlement as well as an important place of transit. In the greater part of Fogo island wharves have been built recently. At Seldom Come By, the minister's department has done a wonderful job, and at Fogo itself there is a relatively new wharf. At Joe Batt's Arm there is a new wharf, but they would like an improvement to the wharf.

At Tilting a small wharf would be very helpful. But the place I should like to appeal for most of all is a place sometimes called Deep Bay and sometimes called Hare Bay—that is near Fogo—where the people have no place to land at all. It is a very hard place. It is a place where one could not build a very large structure. But there are a good many fishermen there and they encounter great difficulty. At times it is impossible for them to launch their boats and get them into the water.

Then going back to the straight shore, I understand the minister is planning to go ahead this year with the breakwater at Aspen Cove and I hope with some dredging as well at Ladle Cove. There is a need for a slipway for the fishermen at Ragged harbour. There is a petition that I believe the minister received—I know the Minister of Fisheries did—for a breakwater at Flin Point at Musgrave harbour. One of the leading merchants of Musgrave harbour is a very well known and celebrated person in Newfoundland named Mr. James Way who on one occasion contested an election in Newfoundland for the minister's party against the premier of Newfoundland. Mr. Way has said he would build a fish plant if the minister would build this breakwater. I commend this project to the minister's sympathetic consideration.

[Mr. Pickersgill.]

Then there is a certain amount of dredging needed at Deadman's Bay. I am pleased to say that the minister is going to build a wharf this year at Lumsden North. At Lumsden South what is needed is a breakwater. Lumsden is one of the greatest fishing settlements in the world and it has some of the finest fishermen in the world but it is a terribly open place. If this breakwater could be constructed, it would be a tremendous boom to these fine God-fearing people. Then we come to Cape Freels.

Mr. McDonald (Hamilton South): May I ask the hon. member a question?

Mr. Pickersgill: Certainly.

Mr. McDonald (Hamilton South): What did the Liberal party do when they were in power?

Mr. Pickersgill: If the hon. member for Hamilton South would like me to give a list of the things the Liberal party did while in power I am afraid the minister's estimates would not get through tonight. It would take too long.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I was just indicating the supplementary things that still needed to be done notwithstanding what had been done. At Cape Freels North there is a splendid wharf. As a matter of fact, I carved my initials in it on one occasion just so the people would not forget. However, they need a small slipway, it would not cost very much. Here again is a great fishing settlement.

Then at Newtown the minister is doing some dredging this year which is badly needed, for which the people are extremely grateful indeed. At Pound Cove a wharf would be of great help to the settlement. I am afraid there is nothing I can ask the minister to do in Wesleyville that he has not already done. In the main the same thing applies to Valleyfield-Badger's Quay. The minister is building a big shed on the wharf at Valleyfield. That is badly needed. It will be of great assistance and I am very grateful to him for it.

Then we come to Greenspond. As the minister knows, Greenspond is an island. In Greenspond there are people who would like a causeway built to the mainland. I am not going to make any such extravagant request of the minister this evening. However, there are a certain number of rocks in the channel into Greenspond that for some reason or another we cannot seem to get removed. I think there is the best will in the world but somehow or other the rocks keep on being there. If they could be removed this year, it would be deeply appreciated. Then

in addition, the people of Greenspond West feel the need of a wharf in that part of the island. I think that request will be familiar to the minister's engineers as well. Then at Fair Islands last year a splendid wharf was built. A slipway is needed. I would not put this in the deep urgency class but it is something that would be very much desired. A wharf is urgently needed at Silver Fox Island.

Then moving along the coast we come to Hare bay. The minister and I have had a certain amount of correspondence about Hare bay and I have the feeling that he is gradually being softened up about Hare bay. It is a big settlement, an important settlement and a growing settlement. Although it is not generally regarded as a fishing settlement, the decline in the woods operations in the last year or two has made many people anxious to go back fishing if facilities are available. Therefore, on those two counts this would be a good project for the minister to undertake.

Then I come to St. Brendans. St. Brendans again is an island. I regret to say that for some reason or another the people of St. Brendans do not seem able to give me a majority.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Notwithstanding that fact, they are very fine people. One recognizes the fact that there have to be some Conservatives in the world.

An hon. Member: You don't have to worry about them.

Mr. Pickersgill: These people have a wharf that is not adequate to this important settlement. There is one of the other coves in which they would also like a wharf. If the minister could do something to improve the wharf facilities at St. Brendans, that also would be greatly appreciated.

Then we come to Gambo. I might say that Gambo is the birthplace of the premier of Newfoundland. It is celebrated in a good many other ways as well. It is the railhead of the whole of the north side of Bonavista bay. There is tremendous traffic in and out of Gambo. There is a good deal of local feeling that the wharf that is now there is not really adequate.

An hon. Member: Why didn't you build it when you were in power?

Mr. Pickersgill: Because we were building other wharves that were even more urgently needed, and in very great number.

Then I come to Glovertown. In Glovertown there is a spendid wharf where the *Millie Ford* is tied up from time to time. Glovertown is a big settlement. It stretches all the way around Alexander bay. It is a large place, larger than most settlements in Newfoundland. The people on the north side of Glovertown also feel the need of a wharf.

Then there is a certain need for repairs to the wharf at Traytown. I do not think that anything is needed at St. Chads. There is a fine new wharf there. But at Burnside they do need a breakwater. This is a relatively small structure and it would also be very helpful to the fishermen in that rather exposed place.

Then, of course, there is Salvage. Salvage is a great historic fishing settlement, one of the most picturesque places in Canada. It is a place which people would travel thousands of miles to see if it were a little better advertised. It is also a splendid fishing centre, but it is also in need of a wharf. I think the minister has some of the particulars. There is one wharf there but, because of the configuration of the place, there is need of another wharf.

Then I understand some repairs are badly needed to the wharf at Sandy Cove. Also a small wharf would be of tremendous help to the fishermen in Upper Happy Adventure. A small slipway would also be of great help in Powell's cove in Happy Adventure. It is all the more important in Happy Adventure because, as the minister well knows, many of the people in Happy Adventure in the past have made their living at working in the national park. Until the park gets thoroughly organized, facilities for the fisheries would be especially helpful.

Then there are two places, one at the edge of the national park and the other across Clode Sound, called Charlottetown and Bunyan's cove. I am going to tell the minister a secret. I got a lift across the sound the other day on one of the minister's boats. I do not know whether the minister knew he had a fleet down there. However, they were kind enough to run me across the sound. I hope he will not discipline them for doing so. I may say it was not done in working hours. I can assure him of that. In both these places it is apparent that they need small wharves. A wharf would be greatly appreciated also at Port Blandford and would be all the more necessary, I should think, on account of the increased traffic that there will be because of the establishment of the national park, I would not pretend that Port Blandford is ever likely to be a fishing centre, but it is a big place and it is going to be a big tourist centre, and I would have thought that this would be a suitable project.

Some hon. Members: How big?

Mr. Pickersgill: Well, it is big enough that I would hope the minister, in his spare time, would build a post office there, too. A couple of years ago we built a wharf; I beg the minister's pardon, his department built the wharf at Canning's Cove, and this wharf has been a tremendous boon, not only to the people of Canning's Cove but also to the people of Musgravetown and the people of Bloomfield. Musgravetown and Bloomfield are farm settlements. In fact, they are two of the largest farming settlements in my district which, perhaps, is not the leading agricultural constituency in Canada. These people, however, produce a large quantity of potatoes and other vegetables which they sell all along the northeast coast. At the present time they have to truck these vegetables over some very high hills and steep grades for quite a considerable distance to the wharf at Canning's Cove. In the old days there was a public wharf at Musgravetown. Of course one wharf would serve that place and also Bloomfield; I would not ask the minister for two.

An hon. Member: How about a subway?

Mr. Pickersgill: This wharf would more than justify itself. A small wharf was built on the other side of the bay at Portland last year and it is surprising to note how much use has been made of it. It has stimulated the fisheries in an area which has not been a fishing area. When the minister can get around to it, a wharf would be very helpful at Winterbrook, which is a large centre for the fishing and collection of lobsters. A wharf is very badly needed, indeed, at Southern Bay and also at Charleston. Though these places are fairly close together one wharf would not do for both of them, because there has been a good deal of development in recent years in this whole area with the pothead whale fishery and the squid and herring fisheries. These marine works there would really enormously assist the people to exploit these riches of the sea.

Wharves are needed at Princeton and at Summerville. A wharf was built at Plate Cove West only last year, and there is a wharf at Openhall but the people feel it would be much more useful to them if they could have another block on it. The people of Tickle Cove would like a wharf. I admit that this is a difficult proposition because Tickle Cove presents many problems. It is right on the Atlantic and it will tax the ingenuity of the minister's engineers to produce the kind of structure which will stay there.

I am pleased the minister is undertaking to replace the wharf at Duntara which was regrettably destroyed by a storm about a year ago, and by so doing he has given heart to the fishermen. I believe Knight's Cove is another place where if a wharf were built there could be considerable development of the fishery, and Upper Amherst Cove is a great fishing settlement. It would be of great assistance to the people there if a wharf could be built to assist in the prosecution of the fishery, making it not only easier but more profitable, and it would enable them to carry on their activities for a longer period each year. At Newman's Cove I know there are again great engineering difficulties but assistance is also required. In this latter place there is exposure to the Atlantic, but extensions to the present wharf are needed. At the other side of the cove a slipway is badly needed, which I am very hopeful the minister will be able to look after this year. At Birchy cove there is a smaller settlement but everyone who lives there is a fisherman and it would be very helpful if there could be a small slipway and a block built on which to tie the boats.

I am very grateful for what the minister is going to do this year in Bonavista and the people of Bonavista are also very grateful. The completion of the dredging of the pond and the work on the public wharf will be of great help and I hope it can be commenced at an early date. There is, however, one other project at Bonavista which has been under discussion for quite a long time. It is not a big job, but it is something which is clearly a federal responsibility and I hope it might be possible for the minister to consider taking steps in this regard this year, because it certainly is not one of those big works which would have to appear separately in the estimates. I refer to the fixing up of O'Dea's Pond. If my time had not just about expired and if the minister's patience was not wearing a little thin, I could go on to mention a lot of smaller works. I think perhaps I have suggested enough to keep the minister's department busy for the rest of this year and to indicate to him a few of the more important projects which people in Bonavista-Twillingate are very hopeful it will be possible to carry out next year.

Mr. Green: Mr. Chairman, in fairness to the other members of the house, I think I should point out that the practice of my department is to construct projects in inverse ratio to the time taken up by members representing the various constituencies.

Mr. Granger: Mr. Chairman, I would like to say a few words on this subject, firstly to thank the Minister of Public Works for what his department has done and is planning to

do in my district. I have in mind particularly the wharves at Tarrington Haven for Happy Valley and Conche.

I would also like to make mention of the high calibre of the officials of his department. I would, in fact, like to pay tribute to all civil service officials in their sincere and patriotic endeavours. The nation, indeed, owes a debt of gratitude to these faithful persons who devote their lives to the public service.

I would now like to mention a number of urgently needed public works for my own riding; firstly, a wharf and shed are needed at Botwood and at Lewisporte. These ports are busy shipping points and such accommodation is vital to their economic health. An extension is also needed to the wharf at Nain, and a fishermen's wharf is required at North West River slipway and a winch at Pinware. Wharves, at Hopedale, Pacquet, Fleur de Lys and Seal Cove need to be lengthened. The canal at Pilley's Island needs to be deepened and consideration should be given to dredging Jim's Cove. At this latter point a wharf is needed or, in the alternative, at Card's Harbour.

Wharves are needed at Embree, Hampden, Baie-Verte, Budden's Tickle in Sop's Arm and extensions are needed at Burlington and Wild Bight. A shed is needed on the wharf at Raleigh. Shove Tickle in Little Bay islands needs dredging and the breakwater should be raised.

In many cases the wharves are more than mere facilities for the handling of freight. They are vital so far as fisheries are concerned and the loss of a landing wharf can mean the ruination of the fisheries for a whole community. Conversely, the provision of such a wharf can mean a real increase in the quantity of fish caught.

Viewed from any angle wharves are of the utmost importance to a riding such as my own, where the sea provides both the means of livelihood and the means of transportation.

Mr. Carter: Hon. members may not realize it, but in a modest way I am a shipowner, too, although not quite one of the same magnitude as my colleague from Bonavista-Twillingate. Nevertheless I can invite the minister to make a tour of my riding, and I can assure him that the cooking will compare with any he could get on any other ship in Canada, because the cook is my own wife. So I invite the minister to come down and travel with me any time he wishes, and I am sure he will find a lot of appreciative people in my riding of Burin-Burgeo, particularly the fishermen, who will give evidence of their gratitude for the work that has already been done.

There are 260 settlements in my riding. I think the minister has made a sufficiently long tour for one night, so I will not take him over the whole length and breadth of my riding at this time, but I can assure him when I was elected in 1949 and travelled my riding for the first time I compiled a whole shelf full of works to be undertaken, so there is no shortage of requests for public works as far as the minister's department is concerned. In fact I am sure that the district office could provide a whole long list of works which could be put on his shelf, and I think that some have already been on the shelf for a considerable time now.

I wish to make a plea for several settlements in my riding where the people have been obliged to return to the fisheries but cannot carry on the fishery successfully because the harbours have deteriorated to such an extent that they cannot keep their boats in shelter at all. Perhaps hon. members do not realize just how hard a fisherman has to work. In my own birthplace—a little fishing settlement which is typical of others all around the coast—the fishermen get up well before daylight, sometimes around two or three in the morning, get their gear ready and set sail for the fishing grounds. It may take about an hour or two to reach them before daylight. They return at about six o'clock, get a bite to eat, and then have to cut the fish, an operation which takes them until eight o'clock at night. Then, probably, they have to get into their boats and travel ten or 12 miles to get bait for the next day. They return at ten o'clock, or later, and are able to sleep for three hours, or four at the most, before beginning the next day's work. That is one of the reasons why our people grow old before their time and, of course, it is impossible to keep this up indefinitely.

The Chairman: I regret to interrupt the hon. member but we are at present discussing the items of the public works estimates. I would ask the hon. member to adhere to the question under debate.

Mr. Carter: I was only illustrating the need for these minor works which have been referred to by my hon. friend from Bonavista-Twillingate. They may seem trivial to some hon. members, but they are of the utmost importance to fishermen for the reasons I have outlined.

I have in mind, particularly, a place called Seal Cove where there are about 500 people all of whom now are dependent upon the fisheries because those who were formerly engaged in the woods operations can no longer find employment there. This is one place where they cannot do anything this year unless something is done to deepen the water in the harbour.

Around the Lamaline area there are a number of fishing settlements with about 1,000 fishermen. There are scarcely any harbours around that coast and a real need exists for dredging, building breakwaters and erecting other installations to make it possible for these people to carry on the fishery without unnecessary hardship. I should like to draw to the attention of the minister the need for sheds at Grand Bank and Fortune. During the election campaign the Minister of Transport announced that these two sheds would be built, but I see that no appropriation has been made for this purpose in this year's estimates. I assure the minister that these sheds are very urgently needed and I hope that the completion of these structures will not be too long delayed.

Before I sit down I should like to say one or two words about St. John's Harbour. I referred to this on the first estimate, but only in a general way. The minister is in possession of a plan which has been prepared by an engineering company and I suppose all plans are based on facts, forecasts and assumptions. The facts would result from surveys which would reveal the actual tonnage of shipping using the harbour, the actual volume of freight handled and the movement of freight between various points; the forecast would be an interpretation of those facts in so far as they might indicate the growth of shipping in the future, increases of freight handled and changes in the movement of traffic; and the assumptions would be with respect to future shipping trends. The assumptions also would relate to what shipping firms would be carrying on business in the harbour and also as to what effect certain harbour installations might have on the ebb and flow of the tide and the undertow in the harbour itself.

In all these factors there is room for a certain margin of error; there is room for error in interpretation of the facts and there is certainly room for a large margin for error in the area of forecasts and assumptions. This was our sad experience at Port aux Basques, though I do not think the Department of Public Works should shoulder all the blame for what happened there. The primary error there was the construction of a ship far too large for the harbour, and the second error was the selection of a site for the terminal which was located in the only place where it should never have been put. If that was done on the advice of engineers, I think we have the right and the duty to question plans that engineers may bring forward because they certainly are not infallible.

The shipping trend in the future must of necessity be in the direction of larger ships because smaller ships cannot operate economically in the light of present day operating costs. As I understand it, the present plan has certain defects in that it provides for the dockage of the larger ships in the narrowest part of the harbour. If the pattern in the future is to get away from small ships and have larger and larger ships in that harbour, then we cannot accommodate all the ships in that place where the one large dock is to be located.

The other defect in the plan is that it reduces the area of the harbour available for anchorage, and this is a serious defect as far as St. John's is concerned, because St. John's is the one harbour where the banking fleet will rush for shelter whenever a hurricane occurs and in the past several years we have had several experiences of that kind when the harbour filled overnight with ships, all sorts of shipping including the banking fleet and coastal ships which had rushed there for shelter. Any plan which would diminish the water surface of the harbour available for that would, in my opinion, be a serious disadvantage.

In addition, the other defect as far as the present plan is concerned is that it reduces considerably the amount of linear footage available for the docking of ships. I do not think that criticism is intended in any way to condemn the present plan, but it indicates that other possibilities should be very carefully looked into before any firm decision is arrived at. The present plan seems to me to have developed either because the company had in mind a fixed expenditure and tried to keep the plan within the limits of that expenditure, or else its survey did not envisage any great future expansion of commerce for the harbour. I do not think any of us can foretell what is going to happen in the next 50 or 100 years, and it would be most unfortunate if we did anything at this time which does not have to be done, and which might turn out in the future not to be for the best.

I do not know what defects the alternate plan has, but I understand it to be much more comprehensive and a much more expensive plan. Furthermore it corrects some of the defects that I have already mentioned. I would certainly urge the minister to give it very careful consideration and if it means expending $20 million or $50 million, not to let the amount of expenditure stand in the way of doing the very best possible job.

Mr. McGrath: Mr. Chairman, I should like to take the time of the committee for a few minutes to point out to the minister some of the discrepancies in the remarks of my

colleague from Newfoundland, the hon. member for Burin-Burgeo. He concluded his remarks by saying that the narrow portion of the harbour—I presume he meant the west end of the harbour—would be narrowed down considerably by the construction of a large pier.

Mr. Carter: Mr. Chairman, I did not say anything of the sort; I am sorry.

Mr. McGrath: Perhaps my hon. friend would clarify it.

Mr. Carter: I said the present plan makes provision for the docking of ships in the narrowest part of the harbour, in the western part of the harbour.

Mr. McGrath: The point that I would like to clarify for the benefit of the minister and the departmental officials particularly is the fact that deep sea shipping, that is shipping of fairly heavy tonnage, have always in previous years—and there is no reason why they will not do it in future years—used the eastern end of the harbour. I am sure the hon. member will also agree with me when I maintain that there is no reason to believe that, with the construction of this large jetty in the western end of the harbour and the breastwork which will form the basis of the northern side of the harbour of St. John's, there will be anything to stop heavy ships, if any heavy shipping comes to St. John's in the near future, from using the eastern end of the harbour and which now uses the premises of Furness-Withy and Harvey and Company.

By the same token, it has been pointed out by engineers of the Foundation Company of Canada, and various other experts, that the jetty is being built in the western end of the harbour to facilitate the handling of ships up to 10,000 tons. I am sure the hon. member is fully conversant with the facts, and I am sure he is fully aware that since the end of world war II there has been little or no shipping in the harbour of St. John's over 10,000 tons. I am sure the same critics of this plan that the hon. member has quoted and he are aware of the fact the suggestion has been made that this development will make St. John's a sixth rate harbour. I would like to point out that right now we are not even a tenth rate harbour. What I maintain is that when the present plan is implemented it will not be the answer to all of our problems but it will be an improvement and it will, I hope, be the beginning of many more improvements to the harbour of St. John's. I certainly would like to see this plan started as soon as possible.

Mr. Carter: Mr. Chairman, what the hon. member for St. John's East has just said I pointed out at the beginning, namely that this survey was based on some facts, forecasts and assumptions. One of the assumptions is that the shipping firms now operating in the eastern part of the harbour will always be operating there. I think that is not a valid assumption. More than that, the very fact which he mentioned, namely in the western end of the harbour there is to be accommodation for 10,000-ton ships, is going to tend to put those shipping firms in the eastern part of the harbour out of business altogether. If it is possible to expand this plan to utilize the eastern part of the harbour, as we are doing now for the western part, then St. John's will not have to be a sixth rate harbour; it will be a first rate harbour.

Mr. Tucker: Mr. Chairman, it would be very unkind of me if I were to say that the people of my riding are not grateful for the work that the Department of Public Works has in hand this year, but I must say that we are not satisfied and we hope that the doors are not closed. We hope that many improvements which could be done at very little cost will be taken in hand. Also, there are many projects which I sincerely hope will receive sympathetic consideration in the not too distant future. At this time I want to publicly thank the Minister of Public Works for the prompt replies that I receive to requests made to him on behalf of the settlements in Trinity-Conception.

In my riding the Department of Public Works proposes to spend $110,000 this year on new construction work in the settlements of Elliston, Little Catalina and Old Shop. But there are many more communities needing facilities to assist fishermen in the carrying on of their work at the fisheries.

I should also like to call the attention of the Minister of Public Works to the urgent need of an extension to the wharf at South Dildo, near the premises of the Arctic Fisheries Products Limited, and where the provincial government owns a co-operative plant and O'Brien Fisheries carry on a fisheries business. Here is a very important industry which creates considerable employment for the residents in that area. As a matter of fact, when there is a good fishery there are as many pounds of sea products put through these plants as in many large fishing plants in other parts of the island.

I have presented to the Minister of Public Works several petitions from settlements in my riding. However, in addition I have a few more. For instance at Hibbs Cove, Port de Grave, a breakwater is badly needed. The fishermen there have to travel as much as 50 miles per day to get to the fishing grounds

Hibbs Cove is one of the biggest fishing settlements in Newfoundland.

There are also many places where wharves should be constructed such as Green's Harbour, Hillview, Lady Cove, Little Heart's Ease, Long Beach, Queen's Cove, Sunnyside, Thornba, Western Bay, Melrose and Trinity East. Trinity East is a growing settlement because many families are moving there from remote areas.

Slipways are required at Blackhead, Lead Cove, Gull Island and Clarenville. Extensions to public wharves are required at Caplin Cove in Trinity bay Cavendish, Chance Cove, Freshwater in Conception bay, Gooseberry Cove, Hant's Harbour, Deer Harbour, Lead Cove, Lower Island Cove, Low Point, Monroe, New Harbour, Old Pelican and Winterton. Dredging is also necessary in many places in my riding, particularly at Cupids where John Guy founded a colony in 1610.

I am sure that the minister of public works will consider these requests. I know that he is unable to fulfil all the requirements of my riding but I feel confident that these requests will receive consideration by his department and what cannot be done this year or next year will probably be done in the near future.

Mr. Batten: Mr. Chairman, I realize that by this time there is not much room left on the minister's shelf. He said a few moments ago that the amount of work done would be in inverse proportion to the length of the speech and I will take him at his word. I hope when I am finished that the possibility of getting done what we want done will be a probability of at least one project. When the minister is making up his estimates for the coming year I would be very pleased if he would have a look at the need for harbour installations at Port au Port, Ship Cove, Parson's Pond, Corner Brook and St. George's. I have made my remarks short, Mr. Chairman.

Item agreed to.

348. New Brunswick, $4,060,500.

Mr. McWilliam: Mr. Chairman, I do not intend to take the minister on a tour of all the coves and inlets in Northumberland-Miramichi, but I notice that in the estimates there are only two items, one for $32,000 and the other for $40,000. However, there are a number of places along the coastline of Northumberland-Miramichi which are in need of facilities and in some cases improvements to existing facilities. The fisheries of Northumberland-Miramichi are very diversified, including all the delicacies that come from the sea, and the people of that part of the riding derive their livelihood from fishing. The minister may not be as familiar as the department is with the requests that have been made in the past for improved facilities and in some cases new facilities where no facilities exist. I urge the minister to take a look at the requests that have been made from time to time in the past. I too would invite the minister to come down to the famous Miramichi river which is often referred to as the Rhine of America. He would probably enjoy his visit very much, much more than he enjoyed the trip he made last March.

I should like to refer to a matter which, while it has nothing to do with any particular item, would, I think, come under rivers and harbours. I would ask the minister to advise me, not necessarily in the house, with regard to the inquiry I made to him concerning the department's policy as to responsibility for the construction of a bridge over the Miramichi river at Chatham. I do not think there is anything more I want to say. I have spoken in general terms. I realize that everything cannot be done in one year but I find that the estimates covering Northumberland-Miramichi are probably less this year than they have been for many years. It may be that will be offset next year by a very good vote and the provision of money for those facilities needed by the fishermen of that area.

Mr. Robichaud: Mr. Chairman, I too do not want to take too much time of the committee at this time but I have a few questions which I should like the minister to answer. Instead of making a statement I will simply ask a few questions which I hope the minister will be able to answer. Could the minister advise the committee what the program of the department is in connection with the wharf extension at Maisonnette? I brought this up in my remarks on the first item of these estimates. I mentioned at that time that the minister had a golden opportunity to provide employment in a fishing community. By extension of the wharf at Maisonnette I am sure the fishermen of the area and others would be provided with employment.

I should also like to ask the minister what the present plan is with regard to improvement of Bathurst harbour. I notice an item of $100,000 covering dredging of Bathurst harbour this year but I understand that this item is to cover work done in previous years by departmental dredge No. 4 which I understand has been scrapped by the department this year. Would the minister answer these questions?

Mr. Green: First of all, with regard to Maisonnette; the situation there is that the

department estimates that the cost of providing a 208-foot extension to the existing 290-foot structure, including a small quantity of very costly rock dredging, would be approximately $164,000. Preliminary reports indicate that the commercial activity there would not justify an expenditure of this amount. However, we are having another look at it in order to get a more detailed report.

With regard to Bathurst, the situation there is that shortly after the new government took over we decided that it would be of great advantage to northern New Brunswick if a smelter were to be built at Bathurst. As the hon. member knows there have been very important finds of zinc, I presume in his county or perhaps it is in the adjoining county. However, there was a very promising mine in the province, in a place where it was not expected there would be such large base metal reserves. The mine was in operation, and we decided that we would spend up to $3.5 million for dredging at Bathurst to make it possible to use the wharf to the full extent, providing that the mining company would undertake to erect a smelter, and wharf.

We had very high hopes that they would agree, and I think for some time they were about to commence this project. However, as hon. members know, the price of zinc has fallen a great deal in recent months, and for the time being there is no prospect of the company building a smelter at Bathurst. In fact I think they have closed down their mining operations in recent weeks. This offer by the government still stands. We believe that a base metal smelter at Bathurst would be of immense value to the whole of the maritimes, and would be one of the most important developments that could be undertaken anywhere in Canada. There is power now being produced at Beechwood, and the fact there is cheaper power available is very material in this whole picture.

We have not lost interest in Bathurst harbour. The vote of $100,000 does not replace the other development. As I have already pointed out, we still have in mind going on with the full scale harbour development provided a smelter is erected in Bathurst. I would point out that this $100,000 is to be expended for dredging in Bathurst. There are other expenditures in the hon. member's riding. For example, harbour improvements at Blue Cove will cost $110,000 and breakwater repairs at St. Mary's, $50,000. There may be others, but we are very much interested in Bathurst.

Mr. Robichaud: I am pleased to hear the minister say that the offer for improvement of Bathurst harbour still stands pending action by the mining company. I would hope that in the meantime consideration would be given to the immediate improvement of this harbour, especially wharfage facilities. Bathurst is a shipping port and at the present time there is no public wharf which could be used to advantage by shipping interests.

There are two more questions which I should like the minister to answer. Has any consideration been given to the removal of the old breakwater at the entrance to Tracadie harbour? I mentioned this in my remarks when these estimates were introduced. This old breakwater is definitely blocking the entrance and it is a menace to navigation which could result in the loss of life.

Mr. Green: In so far as the possible menace to navigation in Tracadie harbour is concerned, our officials are now estimating the cost of removing the existing north breakwater ruins, and following a review of the report consideration will be given to whatever action is indicated.

Mr. Robichaud: Again I wish to thank the minister for this action being taken by his department in relation to Tracadie harbour. My last question is this. On June 13 the minister said that the Chignecto canal was being studied by his department. Is the minister now in a position to report to this committee on what action has been taken by his department in connection with the Chignecto canal?

Mr. Green: No, Mr. Chairman, the study is still under way.

Mr. Robichaud: How far has the study been carried? Have any engineers of the department been instructed to make preliminary plans?

Mr. Green: This study is being carried on within the department, and I am afraid I cannot go any further than that.

Mr. Robichaud: Can the minister also report now as to the progress which has been made in the survey in connection with the New Brunswick-Prince Edward Island causeway?

Mr. Green: I would be delighted to talk about that. There is a substantial vote for this item, but I have mislaid my notes. I will be glad to deal with it, when we come to that vote.

Item agreed to.

349. Quebec, $4,036,100.

Mr. Bourque: Mr. Chairman, I see that in vote 349, the province of Quebec will receive $4,036,100. The province of Newfoundland

will receive $3,640,000; Nova Scotia, $4,057,500; New Brunswick, $4,060,500. I am certainly glad to see that these provinces are going to get a substantial amount. I see also that Ontario will receive $11,642,900. No doubt the province requires that amount, and I am glad to see they are going to get it. But you will notice that in four provinces you have 74 per cent of a total amount of $31,919,500.

Toronto harbour itself is going to get $4,438,500, which is more than the whole province of Quebec is going to have, namely $4,036,100. I see there is no appropriation for Montreal harbour, for Quebec harbour or for the Three Rivers harbour. As we have a very large number of unemployed at the present time in Montreal, I find it to be rather funny that Montreal and the whole province of Quebec are going to get such a small sum. I was wondering what the minister had to say on that point.

Mr. Green: It is not possible to allot money on the basis of the proportionate size of the provinces. These problems, of course, are completely different in every province. Newfoundland, Nova Scotia, New Brunswick and British Columbia, with their long coast lines, have many maritime harbour problems. Then they may vary from year to year. One year there will be a big project under way in one particular part of the country and smaller ones in another part. It is therefore not fair to review the estimates on the basis of setting out one province against another.

In so far as Montreal is concerned, much to my surprise the hon. member has completely overlooked the fact that Montreal is under the national harbours board and is not under the Department of Public Works at all. The moneys spent on the St. Lawrence river there are spent by the Department of Transport and not by the Department of Public Works at all. If we had all the figures of all the government expenditures on Montreal and Toronto, I think there might be protests coming from Toronto rather than Montreal. However, I do not want to get the members from those two cities fighting it out on the floor of the house. Nevertheless I point out that both Montreal and Quebec are under the national harbours board which does not come under the Department of Public Works at all. This is true also of Three Rivers and Chicoutimi.

Mr. Bourque: Am I to understand from the minister that Toronto harbour comes under the Department of Public Works?

Mr. Green: Toronto harbour is under the Toronto harbour commission. It is like quite a few other harbours across Canada. There is a bill coming up at this session to establish a harbour commission at the lakehead which will cover the harbours of Fort William and Port Arthur. In all fairness to Toronto I must say that although this city has been on fresh water and has been an inland port and will be one, of course, until the seaway is completed, the people there have spent millions and millions of their own dollars to develop the harbour of Toronto. I do not suppose there is another city in Canada which has paid so much good hard cash to build up its own harbour. They do not want to be under the national harbours board. Apparently their wish is to run their own harbour. But the harbour of Montreal, like the harbour in my home city of Vancouver, has had millions of dollars spent on it by the national harbours board. I do not think that any criticism can be made of Toronto by way of comparison of federal money that has been spent on the Toronto harbour and on other harbours.

Mr. Bourque: The minister says that the port of Toronto comes under the Toronto harbour commission. But if you have $4 million coming from the Department of Public Works there, what would be the equivalent that Montreal would get? If Montreal does not get anything from anybody—and they must, of course—it would be unfair.

Mr. Green: When the hon. member says that Montreal does not get anything from anybody—

Mr. Bourque: Pardon me, but I did not say that.

Mr. Green: —may I point out that Montreal is getting millions and millions of dollars. This St. Lawrence seaway development is meaning an expenditure of many millions of dollars in Montreal. As I say, these estimates do not come under the Department of Public Works; they come under the Department of Transport.

Mr. Bourque: That is the point I wanted to make. What would be the equivalent? If you give the port of Toronto $4 million, then Montreal would get the equivalent from the harbour commission. You are not giving Toronto something that you do not give to Montreal.

Mr. Green: We are not in a position to know that because we have no jurisdiction over the harbour of Montreal.

Mr. Bourque: No comparison can be made?

Mr. Green: No.

Mr. Cardin: May I first of all tell the minister that I am happy indeed that the government has decided this year to carry out the several projects that were conceived and planned by the previous government. As hon. members know and as does the

minister, my riding lies along the St. Lawrence river, and owing to the heavy navigation a considerable amount of damage has been done to the shore. Over the years a series of retaining walls has been built in order to protect the shore from erosion. I am happy to see that this year the program with respect to retaining walls is being continued. I am particularly happy also to see in the estimates an item for the St. Anne retaining wall. That particular project is an urgent one. It is a residential area of greater Sorel and the shore is quite close to the channel. Over a period of years the lapping of the waves has deteriorated the shore to such an extent that some of the buildings in that particular area have been in danger of being affected by the erosion.

I recall that there were to have been negotiations between the Department of Public Works and the municipality of St. Anne with regard to the reconstruction of that particular wharf. I do not know at what stage the negotiations may be at this date. However, if it were useful for the department, I should be happy to try to arrange for negotiations between the municipality and the department so as to try to get this work done as quickly as possible and certainly, if it were possible, before winter sets in.

There is another item that I should like to mention at this time. It has to do with the improvements of harbours in connection with the St. Lawrence seaway. The seaway, of course, has been expected to bring into Canada an economic potential that we did not have previously. We have a right to expect that the ports all along the seaway will benefit from this great project. Sorel, of course, is one of the ports which does not come under the national harbours board and apparently has not received a great deal of attention in the sphere of harbour improvements. I understand that a secret survey has been made of the different ports that will have to be improved in connection with the seaway. I certainly hope that Sorel is included in that particular survey.

The other day the hon. member for Laurier mentioned the usefulness of having some of the ports increase their grain elevator capacity. I understand, of course, it is not up to the Department of Public Works to increase the capacity of grain elevators already in existence, but in Sorel the North American elevators have plans to double their grain capacity. In order to do so they would have to make some changes on the wharf upon which these elevators are built. As a matter of fact, the North American elevator wharf takes the form of an L, and in order to be able to accommodate the larger vessels which we expect will sail on the seaway, one part of that wharf will have to be cut off. This will mean that a new wharf will have to be added in the port of Sorel.

Some years ago preliminary work was done in order to bring about this improvement, and I understand that soundings have been taken in an endeavour to figure out where would be the best location for the new wharf. I would indeed be happy to know what progress has been made with respect to the re-arrangement of the wharf.

I would like to mention very briefly one last point, which subject has been a sore spot for some years. I refer to Ste. Anne's in the St. Lawrence, where there is a series of islands used for a number of generations for the growing of hay. During winter months this hay has always been transported from the islands to the mainland but, as the minister knows, some years ago there was a decision to bring in the icebreaker between the islands to keep the channel open during the winter months. The farmers, therefore, can no longer transport their hay over the ice. This cannot be helped and we would not want to stop progress but it does cause some difficulty because, in order to transport the hay over the water the farmers have to take barges and, owing to the irregular shoreline, it is very difficult for them to put the wagons on scows. I would hope that the minister and his department will seriously consider building some slips at a strategic point so that the farmers can transport their produce in a relatively easy fashion.

This question has been raised previously and has been bounced around between the Department of Public Works and the Department of Transport. I appeal to the minister to try to find some solution. It is all very well to have these legal conflicts between different departments but it is most unfair for the farmers to be left holding the bag with a very serious resulting loss of crops.

I would conclude by saying that I am very grateful that the department is continuing with the program of public works in this particular area, particularly with respect to the St. Lawrence seaway. If it does what it is expected to do it will bring about a position where navigation will be doubled, as will the erosion along the shore line. It would therefore be wise, in my opinion, to do as much of the work on the retaining walls as is possible in the shortest possible time.

Mr. Green: We will be very glad to look into the projects mentioned by the hon. member. He has mentioned a wharf at Sorel, and

on that I would inform him that a few days ago I interviewed a representative of the North American elevator company. This is a very big project and if the dominion government were to do as the hon. member suggests it would cost us from $1.5 million to $2 million to change the wharf. While the wharf does belong to the government it is rented to that company, and is used by that company. Whether we would be justified in spending this amount of money under these conditions I am not yet sure.

Mr. Cardin: Has any economic survey been made before arriving at that particular conclusion? Of course, it is a large amount of money to be spent but, on the other hand, I also feel that one cannot expect to improve harbours without spending money. I had understood that besides the seaway itself, serious consideration was being given to improvement of harbours, and I feel this would certainly be a practical way of improving Sorel harbour, which would bring a good deal of business to that particular area. In this connection I would point out that Sorel is at the junction of the Richelieu and St. Lawrence rivers. There are great possibilities in this area which I hope the minister will seriously consider.

Mr. Green: No conclusion has yet been reached, but there is only one company concerned. This is not a question of a general wharf for everybody's use; it is a wharf used by one company. It may be possible to work out some plan under which the company would pay a portion of the cost of any alteration. However, we have the matter under consideration.

Mr. Bourget: Along the same line, the minister has said that his offer of $3.5 million for Bathurst still stands, and I wonder why a similar offer should not be made for the port of Sorel, even if the private company has to pay a share. I do remember the policy of the department has been to ask private concerns to pay at least a share of the cost of a wharf such as this but, surely, if the minister is ready to pay the whole cost of a wharf in Bathurst, New Brunswick, there should be no reason why at least half that offer should not be made to help the port of Sorel.

Mr. Green: The work at Bathurst is dredging, and in this case the mining company would be constructing a smelter and would spend something over $20 million.

Mr. Cardin: Could the minister tell the committee whether the preliminary work on the new wharf, such as soundings, etc., is continuing?

Mr. Green: Apparently there are many engineering problems in connection with alterations to the pier and the studies have not yet been completed.

Mr. Cardin: But they are continuing?

Mr. Green: Yes, that is right.

Mr. Bourget: I have just one more question, and it is about retaining walls. I suppose that regarding this item the same rules apply to the protection works and the retaining walls.

Mr. Green: Protection walls as they are ordinarily described come under the vote for remedial works.

Mr. Bourget: If the minister will look in Quebec he will find many retaining walls. I do remember that in the past we had the same kind of item, and I am not questioning it, but I would ask the minister to explain his policy with regard to retaining walls. I know that in the past they were attached to the item of protection works, but there were some big items which were separated.

Mr. Green: The larger items are provided by a special vote but the great bulk come under remedial works vote.

Mr. Bourget: My question was, do the same rules for protection work apply for retaining walls built on navigable water. There are many items—

Mr. Green: The limitation is described in item 355; to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures. That would apply to the items which are listed under the provincial votes as well as to the items which come under 365.

Mr. Bourget: Do they come under the same rules as protection walls?

Mr. Green: Yes.

Mr. Bourget: Would the minister explain if the retaining wall in St. Joseph-St. Hyacinthe is built on navigable water?

Mr. Green: That work is necessary because of changes brought about by a federal structure which was placed on the opposite side of the river at this point. It comes in the category of federal government structures.

Mr. Bourget: I remember that item very well because I took a personal interest in that case, and it was studied two or three times by engineers and it was found out that it did not come under the jurisdiction of the federal government. We had three reports on that work in previous years. I remember the minister telling me once that we were building some protection works to protect

some Liberal farmers. Now I can tell him he is building one to protect Tory farmers.

Mr. Green: I think the situation is that you were building a protection wall on one side of the river, and we are building a wall on the other. I went into this whole question very carefully; we met a delegation from down there and we looked into the matter very carefully, and what I have said is actually a fact. Because of the work on the other side of the river erosion had been caused on the side where we intended to put a wall, and we decided it was our obligation to do it for that reason.

Mr. Bourget: I want to tell the minister that I am not against it; I am glad this has been given to St. Hyacinthe, but I remember well that two or three studies were made, with the results which I have stated. As an engineer I do not think the technique of engineering has changed in so short a time, and I am quite confident in saying that it has been done this year to protect Tory farmers.

Mr. Green: This is just one more case where we have been improving on the policy of the former government.

Mr. Bourget: Not improving. You have been making accusations about patronage, but here is one example of waste and extravagance.

Mr. Ricard: I should like to submit to the committee that the necessity for this protection wall has been sustained by independent engineers who have stated that the federal structure is responsible for the erosion at St. Joseph.

Mr. Bourget: In reply may I say that the independent engineers are not in charge of the Department of Public Works, and it is not the independent engineers who apply the rules and policy of the department but the chief engineer, the deputy minister and the officials of the department.

Mr. Pickersgill: And the minister.

Mr. Ricard: Well, Mr. Chairman, the recommendation of the independent engineer has been accepted by the minister and by the department and it is all to their credit.

Item agreed to.

350. Ontario, $11,642,900.

Mr. Fisher: One month from today, on July 19, there is a community in my constituency that is going to be having a tremendous influx of people for the very well known lake Superior Rossport fish derby, and every year the remarks are generally the same, that the dock facilities in that particular place are very bad, and inadequate for Rossport even as a fishing village, but in view of the tremendous increase of tourist traffic we have coming in there we are quite dissatisfied. Now I do not think the people of the Port Arthur constituency are wharf lovers, dock lovers or breakwater lovers such as they are in Bonavista-Twillingate, but there are a few improvements which are certainly needed, and if the Minister of Public Works would care to provide them and visit the fish derby at Rossport we could give him the honour of presenting the prizes; he might even win a trip to Jamaica, Hawaii or some other interesting place. This is one item I hope the minister's department will look into—at least repair the dock and, possibly, extend the quay.

Another place in the constituency, outside Port Arthur, where some work needs to be done is the Nipigon river where it flows into the bay. The erosion caused by the tremendous amount of pulp that goes down is presenting a serious problem. Almost every spring the C.P.R. has to post slow orders on its bridge there because of the risk, and I feel, strongly supported by the members of the community of Nipigon, that an investigation should be made at this particular spot to see if some form of retaining wall cannot be put up where the river goes down into the bay. It would have to be a very extensive retaining wall because the river flows very swiftly; the Nipigon river is the largest flowing into lake Superior. This is something that needs to be done because I think eventually it is going to cause a great deal of trouble to the bridges there and of course it increases the silt flowing into Nipigon harbour and increases the dredging problem there.

I wanted earlier in the minister's statement to ask him to give us the distinction between harbour improvements and dredging and I hope he will find time to make it clear, because people at the lakehead cannot quite follow that distinction and it is impossible to follow it from the estimates.

There is one point in connection with dredging that I should like to make. If the minister does come up to the Port Arthur constituency for the fish derby I will try to get him introduced to two gentlemen who claim to be the official representatives of the government in that area. These are the two defeated Conservative candidates. One of those defeated candidates made the announcement before the last election that he had obtained an extension of a dredging contract in the turning basin of the Fort William harbour. I happen to know that the former member—you all remember the Reverend Dan McIvor—had been very active in pressing for this and I remember that this particular incident got Mr. McIvor's Irish dander up, and I did not blame him.

Again I would like to return from this specific example to the problem that I presented to the minister before. I know he takes a certain partisan glee in tossing things back and forth, especially to the official opposition. It seems to me there is a definite point of political morality involved in this whole question of announcements of government projects throughout the country. No one could object to the government making an announcement, or to the party which composes the government taking credit for doing things, but when you have defeated candidates posing as the people who actually obtained these things I think you are introducing the whole idea of patronage which the minister is trying to stamp out. I was stunned to read in the paper tonight that the hon. member for Carleton has come out with the statement—and this is on this very point—that he cannot handle all the problems that come to him because the rest of the members in the city of Ottawa are from the Liberal party. Again there is the insinuation that in order to get things done you have to go to a government member; that is the only way you can get something done.

It raises the whole question of patronage, and if the minister is really going to stamp out patronage why can he not stamp out this practice of having defeated candidates make announcements and let us have the announcements made in Ottawa, or made by the divisional engineers in the area, rather than carrying on this old idea? I think in terms of political morality it is necessary that you move that one step farther. After all, it is a very small and pretty cheap advantage.

In connection with harbour improvements at the lakehead, I have already made representations to the department that certain kinds of rock work will have to be done within the next two years in the lakehead harbour. I know that that will by and large be a problem of the lakehead harbour commission that is to be set up. I hope you are not chatting about political morality with the hon. member for Bonavista-Twillingate. He set us back a decade in some ways by that long oration of his tonight.

The rock work that will have to be done in the lakehead harbour is such that it has been proved feasible in the past to do it in the winter time. As hon. members know, we have an unemployment problem every winter in Port Arthur and Fort William and the truck work and the rock-breaking work and the placing of the rocks could be done quite adequately in the winter. I would like to remind the minister that this is something I hope he is planning for right now in so far as next winter is concerned because the work will have to be done sooner or later and we are going to have an unemployment problem.

There is one point on the lakehead terminals which I would like the minister to clear up and it is in a sense a harbour improvement. Why is there nothing in the estimates for that project? When the minister made his opening remarks on his estimates he made the announcement that Port Arthur and Fort William were going to get $3 million or $4 million spent on them, and also that there was going to be a group of engineers working on the project? Where is the money for those engineers and for that engineering study? It is not that I am distrustful of the minister, but I would like to know where the money is coming from for the initial work on this project? It is very important.

I should like to touch on another point which I brought up earlier and on which I was unable to get an answer from the minister. I can speak on it in connection with this wharf or dock at Kenora. It has to do with the question of the Fair Wages and Hours of Labour Act and prevailing rates on public works projects and the liaison between the Department of Labour and the Department of Public Works. When a contractor puts in a tender is it perfectly clear in his mind that if he does not pay the prevailing rate he can be forced into it by the government, and that cost will be added to the contract, or will it be added to the contract and be recoverable, or is it a loss that he will have to absorb himself? These are the general questions I wanted to put to the minister. I would like to ask him some further questions. I see the hon. member for Fort William is in his seat; he can ask his own questions.

Mr. Green: The Department of Labour polices those contracts. In so far as the questions of losses that the hon. member has mentioned are concerned, if it is necessary for the contractor to pay a higher rate, then that is his loss; the Department of Public Works does not have to make up the difference.

With regard to the harbour developments at the lakehead, we have already engaged an engineering firm to draw up plans and the reason there is no vote is that the expense of the engineers is covered in one of the other votes. There is no vote for the actual construction yet because the plans have not been completed. The hon. member need have no fear, we are going ahead with the development at the lakehead and a very large and important development it will be.

In regard to defeated candidates making announcements, here I think the hon. member is being a little hypersensitive. Nobody knows anything about those jobs until the tenders are called and then they are common knowledge, printed and published in the papers. The tender call is published and some people are active and interested in the work of parliament, interested in getting themselves elected, and they naturally try to follow these things very closely.

Some hon. Members: Oh, oh!

Mr. Green: Perhaps if the hon. member had kept closer to the proceedings he would have got the information himself. Certainly there is nothing secret about it. The work of the department is an open book. The hon. member obviously was not hurt very much by anything that the defeated candidate did to him in Port Arthur.

Mr. Fisher: I think the minister is shying away from what I still think is a point of political morality.

Mr. Green: We do not make a practice of notifying defeated candidates, but if anybody wants to write in and make inquiries we do our best to advise them of what is going on.

The hon. member for Levis asked me for the number of additions to the staff of architects and engineers since July 1 of last year. There are 36 more engineers, 11 of them being in the Yukon and the Northwest Territories. There is an increase of seven in Banff-Edmonton and 10 in Ottawa. Then there are other minor changes.

Mr. Bourget: Are they full-time engineers?

Mr. Green: Most of these were three to five years. As to the architects, there is only one more now than there was on July 1 of 1957.

I misinformed the hon. member for Burin-Burgeo about what would happen where tenders were called for furniture in a government building in St. John's, Newfoundland. I said that the tender call would go out from Montreal but it goes out from Ottawa.

Mr. Pickersgill: I think that was my question.

Mr. Nixon: Mr. Chairman,—

Some hon. Members: Ten o'clock.

Mr. Pickersgill: Mr. Chairman, just before you call it ten o'clock, I think we on this side of the house—I speak at least for the official opposition—would be prepared to go on a little longer if the minister would like to.

Some hon. Members: Agreed.

Mr. Winch: Ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the leader could tell us what is proposed, not merely for tomorrow, because I think that is common knowledge, but for the beginning of the week.

Mr. Green: Mr. Speaker, an arrangement has been reached among the three parties that the private members' day set for next Monday will be postponed. That will make it possible for us to take the budget debate all next week. I am hopeful that we can get agreement to a one day supply motion on the following Monday. Then we would go on and finish the budget debate a week from next Wednesday. July 1 comes on Tuesday and while it is the intention to sit on that day there may be an adjournment for a period of time. I believe a ceremony is taking place on the grounds and we do not want to have the final vote on July 1. That is just tentative. It may be that we will not be able to reach agreement with the parties concerning a week from Monday, but all next week is to be the budget debate. As the first business tomorrow we would like to get third reading of the bill to amend the Hospital Insurance and Diagnostic Services Act.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

341. Improvements generally—not more than $25,000 to be expended on any one project without the approval of Treasury Board, $700,000.

342. Maintenance and operation of public buildings and grounds, and to authorize commitments against future years in the amount of $1,300,000, $44,000,000.

343. Furniture and furnishings for government departments, $1,818,650.

344. Expenses of work in the interests of fire prevention, $174,263.

Harbours and Rivers Engineering Services—

Acquisition, construction and improvement of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects—

345. Newfoundland, $3,640,000.

346. Nova Scotia, $4,057,500.

347. Prince Edward Island, $1,309,500.

348. New Brunswick, $4,060,500.

349. Quebec, $4,036,100.

603. Furniture and furnishings for government departments—further amount required, $333,450.

Harbours and rivers engineering services—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

604. Newfoundland, $697,000.

605. Nova Scotia, $800,000.

606. Quebec, $1,078,000.

HOUSE OF COMMONS

Friday, June 20, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

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

EXTERNAL AFFAIRS

STATEMENT ON DISCUSSIONS WITH PRIME MINISTER OF UNITED KINGDOM

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, some days ago the Leader of the Opposition asked whether I might say a word or two with regard to the meeting that took place last week with the Prime Minister of the United Kingdom. I say to him at once that I undertook to do so the next day, but in the course of the debate that arose I omitted to do so.

The discussions I had with Mr. Macmillan provided an opportunity to renew at first hand the understanding of our respective points of view. As both the late Mr. King and former prime minister Mr. St. Laurent said on more than one occasion, such consultations are a feature of the unique quality of the commonwealth. It is one of the privileges of membership in this commonwealth that prime ministers who share these ties can hold friendly and forthright discussions with each other from time to time about the problems which affect their respective countries, and also in a broader world context.

In the talks we reviewed a number of international problems, ranging from the proposed summit conference to developments in the Middle East and the problems at the moment being faced by the republic of France. We also spent some time in exchanging views on economic developments, particularly those relating to the forthcoming commonwealth trade and economic conference.

As hon. members know, the Canadian government has felt that a summit conference might resolve some of the issues affecting relations of the free world and the communist bloc. But we also believe that before any such conference is called there must be full preparation on the lower levels in order to assure a reasonable degree of success. Many there are who look with anticipation to the holding of a summit conference as though it would resolve all of the problems, or many of the problems, that have existed between the free world and the communist countries since 1945. For that reason everything must be done, if a conference is to be called, to assure that it shall not fail in its objectives when it is convened. This would, I think, be worse than not having a conference at all.

As hon. members know, technical discussions will commence at Geneva on July 1 regarding atomic inspection and the detection of nuclear explosions, in which conference the United Kingdom, the United States and the U.S.S.R. will participate, as well as other interested countries. If in consequence of this meeting in Geneva tangible progress is made, I think we might then be more optimistic about a summit conference taking place. Mr. Macmillan and I hope that a summit conference will take place, but both are aware of the fact that the west has not yet had any very encouraging indications from the U.S.S.R. that would lead the free world to believe confidently that the cold war will cease. When I make that statement I do so as well in the light of events that have taken place in the last few days in Hungary, and also the extent to which Mr. Khrushchev has added to the propaganda warfare that has existed for the last year or so, and to an intensified extent in the last few days.

Reference was also made to the political developments in Lebanon, and recently my colleague the Secretary of State for External Affairs reported on the part Canada could take in co-operation with other members of the United Nations in assisting the security council in its efforts to bring about an end to the disorders in that country. It was agreed among us that respect for the ideals of the United Nations in the Middle East, as elsewhere, would be a help to the observers of the United Nations in their task in that area.

Another political development in the Middle East which has disturbed the free world, and particularly us in Canada because of our membership in the commonwealth and in NATO, has been the disorderly situation in Cyprus. I can only say that as a result of the initiative being taken by the United Kingdom government in its latest proposals that were revealed yesterday in the House of Commons there it is to be hoped that a solution of this

problem may be worked out within a framework of conciliation and compromise.

Discussions also centred around the situation in France, our close friend and valiant ally, and I think there is reason to be optimistic that the worst of the difficulties in that nation is over and that under General de Gaulle, our loyal and brave friend during the dark days of the last war, Canada will be able to look forward to seeing France resolve its present problems and to a continuation of intimate collaboration with France under General de Gaulle.

As well we discussed the economic outlook on both sides of the Atlantic and its relation to the main problems and issues of policy that the United Kingdom and Canada are now considering. These discussions involved trade and economic development, not only as regards our two countries directly but also in respect of our relations with other countries as well. The main subjects of economic discussion were the policies to be followed at and the preparations being made for the commonwealth trade and economic conference. This included a review of a number of matters that are being studied by officials from all commonwealth countries in London at the present time, to the end that proper foundations will be laid for a successful conference.

Throughout these discussions there was a full realization of the ever-growing Soviet attack on the vulnerable and comparatively weakly defended economic front of the free world. It seems clear that this economic challenge is designed to outflank the political and military defences of the west. I believe that counteraction will be required in this field and can only be taken by co-operative measures to meet this new Soviet offensive. During the next few months the Canadian government jointly with our friends and allies will take steps to meet this new Soviet offensive.

Discussions are already under way with the North Atlantic treaty council, and I believe the result we hope will be achieved at the forthcoming trade and economic conference in September will tend to strengthen the economies of the free world.

That in general represents in summation the matters that we considered and discussed.

Hon. L. B. Pearson (Leader of the Opposition): May I thank the Prime Minister for his summary of the discussions he had with the United Kingdom Prime Minister, which I am sure have emphasized and strengthened the feeling of friendship and close relationship between our two countries, not only in respect of their bilateral nature but in their working together to reduce tensions and strengthen the chances of peace. I am sure Mr. Macmillan's visit was helpful in that regard.

May I ask the Prime Minister one question arising out of his statement. In the discussion of economic matters with the United Kingdom Prime Minister, was advantage taken of the occasion to go into the United Kingdom free trade offer made to Canada last year?

Mr. Hazen Argue (Assiniboia): If I may, Mr. Speaker, I should like to say a word on the statement that has just been made by the Prime Minister. I think we have all welcomed the statement he has just made. We feel that having meetings from time to time between the Prime Minister of this country and the prime minister of any other commonwealth nation is an excellent thing and should be promoted. I was interested in his statement on the forthcoming commonwealth conference, but I felt the statement was somewhat vague and inexact and that it did not give us any great hope that real accomplishments might come from that conference. I am hoping that recent action taken by this government will not make the work of that conference more difficult.

We realize that throughout the world today there are many areas of great tension, and we hope the free nations of the world will have success in easing this tension and promoting freedom and democracy throughout the world. Along with the Prime Minister we in this group are concerned with recent events in Hungary, and we are afraid these may spell a change of tactics in the Soviet union itself. We hope also that the forthcoming conference in July on the control of atomic explosions and atomic inspection will prove fruitful.

As to the summit conference, we hope without reservation that one will be held, and held soon. I am not one of those who feel we should give undue weight to preparations being made in every single detail as a prerequisite to such a conference being held. We feel the west should seize the initiative now by agreeing readily to such a summit conference and, if it is a failure, allot the blame where it is due. But we could err by insisting there should be too much in the way of detailed advance preparation, thereby laying ourselves open to the accusation that we were making it more difficult for such a conference to be held. We hope such a conference will be held, that it will reduce world tension, and that it will result in the strengthening of freedom and democracy throughout the world.

Mr. Diefenbaker: I thank both hon. gentlemen for their contributions. I want to say,

in so far as the latter remarks of the hon. member for Assiniboia are concerned, that all of us are desirous of having a summit meeting, but that a meeting called without adequate preparation would inevitably lead to unsuccess. This government has strongly supported the need for action with regard to a summit conference being called, but after all it is of prime importance that everything should be done in anticipation to assure that the issues will be properly placed before that conference, and the necessary preparations made for this purpose, so there will be no excuse for failure.

As far as the question asked by the Leader of the Opposition with regard to trade policy is concerned, we did discuss United Kingdom negotiations with the various European countries in the European free trade area, but there was no discussion of the United Kingdom plan for forming a free trade area with Canada.

Mention was made, I think the other day, with respect to the plans for the commonwealth conference. An agenda is being worked out; consideration is now being given to all the phases of the matters which should and will be discussed. As I said a moment ago, a meeting is now being held in London among the nations affected, to the end that the conference will have beneficial results.

HUNGARY—CANADIAN PROTEST RESPECTING EXECUTION OF FORMER LEADERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether the government has conveyed to the Hungarian government the detestation which I am sure all Canadians feel at the brutal execution—perhaps murder would be a better word—of the former premier of Hungary and three of his associates in the Hungarian people's revolt for liberty in 1956?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the government has not yet sent that message, but I join with the Leader of the Opposition in the words he has used to describe and portray the diabolical action that has taken place in this case. I certainly will follow immediately the suggestion of communicating the feelings of Canadians as a whole at the institution of the unjustifiable terrorist policy that has just borne its latest fruits.

COMMUNIST CHINA—REPORTED GOVERNMENT ATTITUDE TOWARD RECOGNITION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question which I should like to direct to the Prime Minister. I wonder if the Prime Minister has seen an article by Mr. Charles Lynch in the Ottawa *Citizen* of June 19, which states that the reason the Canadian government will not diplomatically recognize China is that the government is in fear of embarrassing the United States. If so, would he care to indicate whether this article is a true reflection of the policy of the government in this regard?

Some hon. Members: Order.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is not for the government to comment on such articles. The attitude of this government has at all times been a realistic one undominated in any way by any other government, and so it will remain.

GRAIN

ANNOUNCEMENT OF BASE PRICES FOR ONTARIO WHEAT, OATS AND BARLEY

Hon. D. S. Harkness (Minister of Agriculture): I wish to announce that, in accordance with the requirements of the Agricultural Stabilization Act, the agricultural stabilization board has established base prices, based on the average prices for the last ten years, for wheat, oats and barley.

The Ontario basis is as follows: Ontario wheat, $1.77 per bushel on track for No. 2 C.E. or better quality; Ontario oats, 72 cents per bushel on track for No. 2 C.E. or better quality; Ontario barley, $1.04 per bushel on track for No. 2 C.E. or better quality.

Using the above mentioned base prices the board has established a mandatory 80 per cent support price which will be in effect for the 12-month period starting July 1, 1958, as follows: Ontario wheat, $1.42 per bushel on track for No. 2 C.E. or better quality; Ontario oats, 58 cents per bushel on track for No. 2 C.E. or better quality; Ontario barley, 83 cents per bushel on track for No. 2 C.E. or better quality.

In the case of other provinces, outside the designated Canadian wheat board areas, where any of these grains are grown in commercial quantities, the support prices will be established in appropriate relationship to the above mentioned Ontario prices.

Hon. Paul Martin (Essex East): With regard to the mandatory price of $1.42, am I not correct in saying that this is not the figure which has been urged upon the minister by a number of representative groups of Ontario farmers, who have discussed this matter with him within the last few months? Is it not also a fact that they have indicated the great danger in the future of a price at this level

being construed as and developing into a ceiling price rather than a floor price?

Mr. Harkness: As I indicated to the hon. gentleman the other day in connection with soybeans, every group of producers naturally asks for a very high support price and the wheat producers through the Ontario wheat board did, of course, ask for a considerably higher price than the mandatory support price provided under the stabilization act.

As far as this price becoming a ceiling is concerned, I do not think that will be the case, and I certainly hope it will not. The Ontario wheat board, in addition to having this support price provided for them, have applied to us under the Agricultural Products Marketing Act for authority to collect an equalization fee, as it might be called, or to make a levy of up to 9 cents per bushel to provide them with working capital to be used for taking care of this crop, paying storage charges and looking after the general handling of it. Their object, and I think this is what has been needed more than anything else as far as the marketing of Ontario wheat is concerned, is to prevent all this wheat from coming on the market in the fall.

The hon. member for Essex East will perhaps remember that shortly after the harvest season last summer this wheat was down to $1.12 per bushel. This present action provides an absolute floor of $1.42 per bushel; and I think the Ontario wheat board, by the use of this 9 cents levy which we have authorized them to collect, will be able to handle the crop, to feed it out gradually during the year and, I hope, to secure a considerably higher price than the $1.42. That, of course, is their objective.

Mr. Hazen Argue (Assiniboia): I think the statement of the Minister of Agriculture and the question of the hon. member for Essex East clearly demonstrate that floor prices under this legislation do not in any way meet the wishes of the producers themselves, for the very obvious reason that the prices are based on 80 per cent of the average price for the last 10 years, so that the floor price is relatively low.

Mr. Harkness: What is your question?

Mr. Argue: I think, Mr. Speaker, that this is a statement—

Mr. Speaker: In order to clear up exactly where we are, I take it that we have reverted to motions and the Minister of Agriculture made his statement under motions. It would therefore be in order for both opposition parties to comment upon it. I do not think it is in order to ask questions. I believe the practice has been to comment briefly on a statement made by a minister under the order for motions and to reserve questions until the orders of the day. Otherwise we tend to get into a debate, which is obviously not desirable at this stage of the proceedings.

Mr. Argue: I thank you for your comment, Mr. Speaker. If I made an error it was in failing to rise following the hon. member for Essex East. I was saying that the statement of the Minister of Agriculture indicates that these prices have not met the demands of the producers of eastern Canada. In view of your statement I will reserve my further comment until the orders of the day.

[Mr. Martin (Essex East).]

COAL

NOVA SCOTIA—REPORTED SHUTDOWN OF MINES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys. I understand that the Dominion Steel and Coal Company has announced a five-week shutdown of its coal mines in Cape Breton and on the mainland of Nova Scotia due to lack of markets. In view of the hardship this step will cause to the 8,000 or 9,000 miners involved, can the minister assure the house that he and the dominion coal board will render every assistance toward reaching a solution to this very serious situation?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I thank the hon. member for giving me notice of his intention to ask this question. This situation has been under study by the government and the dominion coal board for several weeks and is under continuous study and consultation with the company, but due to many factors we are not too hopeful that we can prevent the idle time which has been planned by the company.

Mr. H. J. Robichaud (Gloucester): A supplementary question, Mr. Speaker. Could the minister advise the house if any definite action has been taken by the government on the request of the Dominion Steel and Coal Company for financial assistance?

Mr. Comtois: I am afraid I cannot give a definite answer to that question today, but I am most hopeful of making a statement in this regard within a short time.

REQUEST FOR PAYMENT OF CASH ADVANCES

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Prime Minister. In view of the critical situation of the coal industry, will the Prime Minister take under

consideration making cash advances on surplus coal similar to the cash advances being made to western farmers?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the question indicates that my hon. friend does not understand the system of cash advances to western farmers. So far as cash advances to western farmers are concerned, they are made in respect of a commodity, the monopoly privilege of dealing with which is a matter under the control of a government agency.

Mr. Robichaud: The mine workers understand it, though.

CANADIAN NATIONAL STEAMSHIPS

HALIFAX BOARD OF TRADE REPRESENTATIONS RESPECTING SALE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Transport. I regret that he is not in his seat, but I assume the acting minister will take this as notice. Have representations been received by the Minister of Transport from the Halifax board of trade for a meeting between representatives of the board and the Minister of Transport and the Minister of National Revenue to discuss the proposed sale of Canadian National Steamships vessels with a view to having the matter reconsidered, in view of the economic importance of the steamships service to Halifax and the future potential trade which might arise as a result of the West Indies federation?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, I will take the question as notice.

POSTAL SERVICE

MISTASSINI AND DOLBEAU, QUE.—DELAYED DELIVERY OF "LE DEVOIR"

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to direct a question to the Postmaster General. I received a complaint this morning from Mistassini and Dolbeau. Would the minister inquire why *Le Devoir* did not reach subscribers in Mistassini on Wednesday, June 18, and those in Dolbeau on Thursday, June 19? On account of the declarations being made in the newspaper they are very anxious to get it every day.

Hon. W. M. Hamilton (Postmaster General): I will be very glad to look into this important matter which the hon. member has drawn to the attention of the house.

Inquiries of the Ministry

NATIONAL DEFENCE

ARMED FORCES PERSONNEL TRANSFERRED—MOTOR VEHICLE LICENCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the repeatedly expressed interest of the Minister of National Defence in economies in his department, to the advantage of the public purse and the pocketbooks of the armed forces personnel, I address a question to the minister. In view of the fact that many members of the Canadian armed forces, when transferred from one province to another, are required to register and obtain new motor vehicle licences, and in view of the fact that United States servicemen are allowed to use the registration and licence of their home state in any part of the United States, would the minister consider seeking the co-operation of the provincial governments for the purpose of making arrangements that would save members of the armed forces this extra and unnecessary expense?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I am aware of this problem. I should like to take this opportunity of thanking the hon. member for his interest in the welfare of the armed services. Of course the problem is associated with the compulsory transfer of servicemen from one province to another. We have already taken up this matter with the provinces and several concessions have been made, for which I should like to express my appreciation to the provinces concerned. The problem is not merely restricted to servicemen, and it is possible that even some hon. members may be suffering from the same hardship.

TRADE

PURCHASE OF U. S. BUSES BY TORONTO TRANSPORTATION COMMISSION

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, in the absence of the Minister of Labour I wish to direct a question to the acting minister. Has the acting minister received a communication from the united automobile workers, local 1075, of the Canadian Car plant at Fort William and the Fort William city council, protesting the purchase of United States buses by the Toronto transportation commission? If so, in view of the still serious unemployment situation at the lakehead will the acting minister inform the house if she intends to suggest to the T.T.C. that they should consider placing the order with the Canadian Car company, which

is the only company, incidentally, manufacturing buses in Canada? I might add—

Mr. Speaker: Order. I think the hon. member has explained his question sufficiently. I am doubtful whether it is a proper question because, as I understand it, it asks about the purchase of buses by the T.T.C.

Mr. Badanai: The Toronto transportation commission.

Mr. Speaker: That is not an organization under the direction of the Minister of Labour, and I doubt if the question can properly be asked of the Minister of Labour.

Mr. Badanai: My question is whether the minister intends to use the influence of her office to suggest to the transportation company that the buses be purchased from the Fort William plant of the Canadian Car company. It will accomplish two things—

Mr. Speaker: Order. I am doubtful whether the question, as finally expressed, is a proper one, but I do not object to the minister saying what she proposes to do with her influence.

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, I shall answer the first part of the question, which inquired whether or not I had received these representations. They may be in the department but they have not yet reached my desk. I think, Mr. Speaker, you answered the second part of the question.

Mr. D. M. Fisher (Port Arthur): I should like to address a supplementary question on this matter to the Minister of Trade and Commerce. Is there any possibility of the minister's department taking action through some form of embargo in the case of this particular order so the Canadian manufacturer will have the opportunity of filling the contract?

Hon. Gordon Churchill (Minister of Trade and Commerce): Unlikely.

Mr. Badanai: I wish to direct a question to the Minister of Trade and Commerce. Is the minister aware that buses now manufactured in Fort William are equipped with diesel motors manufactured in Britain? That being so, would the minister not consider that it would be a good thing, in view of the policy of the government to divert purchases to Britain—

Some hon. Members: Order.

Mr. Badanai: —to promote the sale of buses manufactured in Fort William, thus increasing—

[Mr. Badanai.]

Mr. Speaker: Order. I suggest that the hon. member take advantage of the budget debate, upon which we are going to enter this day.

PIPE LINES

QUEBEC—INQUIRY AS TO PURCHASE OF GAS CORPORATION SHARES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Will the Prime Minister consider having an inquiry made into the grave charges by *Le Devoir* that consequent upon the purchase of a provincially owned gas pipe-line company by the Quebec Natural Gas Corporation, shares in this company were purchased by the legal firm of which the present lieutenant governor of Quebec is a partner?

Mr. Speaker: I am sure the hon. member is departing from the field of jurisdiction of the ministry in asking a question of that kind. I am willing to hear on what basis he proposes to ask the question.

Mr. Argue: On the point of order, Mr. Speaker, as I read the rules of the house one cannot refer to Her Majesty or the Governor General but I did not realize—I may be in error—that this extended to the office of lieutenant governor. Since the lieutenant governor is appointed and paid by the federal government I feel this is a very proper question, inasmuch as no one would want action that would reflect on that office. I think we would all agree that the conduct of anyone occupying the important position of lieutenant governor of any province should be beyond reproach.

Mr. Speaker: I am afraid I cannot accept that question. It seems to me that if any mention or reference to the conduct of a representative of Her Majesty is to be made in the house it should be by a substantive motion. That is the only proper way to bring such a matter before the house. It could be done that way, but I feel it should not be done by an inferential question.

HOSPITAL INSURANCE ACT

AMENDMENTS TO AUTHORIZE CONTRIBUTIONS TO PARTICIPATING PROVINCES, ETC.

On the order:

Third reading of Bill No. C-30, an act to amend the Hospital Insurance and Diagnostic Services Act.—The Minister of National Health and Welfare.

Mr. Speaker: I understand that by unanimous consent the house is prepared to consider this order, third reading of Bill No.

C-30, notwithstanding the fact that this day has been set aside for the budget debate. Is that correct?

Some hon. Members: Agreed.

Hon. J. W. Monteith (Minister of National Health and Welfare) moved the third reading of Bill No. C-30, to amend the Hospital Insurance and Diagnostic Services Act.

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

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 17, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, on Tuesday night the Minister of Finance paid tribute to the blue news in the budget. I think I should like to pay a suitable tribute to the record-breaking overtones of red that were in the annual financial accounts.

Now, Mr. Speaker, as I approach this task I want to say I noted, as probably did the minister, the correspondent Adelphi's comment in the *Financial Post* last week when he was referring to the Prime Minister of Great Britain in complimentary form. He said this:

—Only a fool likes criticism, only a fool resents it.

I, of course, have received in the past a fair amount of criticism from the minister when he was sitting on this side of the house. Before too much criticism, may I say that there are naturally some features in the minister's proposals that I think will receive fairly general endorsation, although not too many in this particular budget. I can think of his proposal with respect to a gift to a spouse of real property up to a limit of $10,000. I think of certain additions to the list of sales tax exemptions to municipalities. I commend the minister for his references to the amendment to the Emergency Gold Mining Assistance Act. I appreciate that, coming from a mining area as I do. However, I would point out that the assistance still would be at least $5 million short of the maximum assistance provided in one of the years of the previous administration. I think perhaps I should commend him for taking the tax off cut flowers; probably it helped me to some extent this morning.

But on the whole I do not think anyone could better the present Minister of Finance, good orator that he is, in driving home small talk with a sledgehammer. I think of his peroration and I think also of his remarks last December 6, when he was speaking to the estimates of his department. At that time, as recorded on page 2009 of *Hansard* for that date, he said:

—We trust that the committee will however recognize the boldness of the government's program and the extent to which it will contribute to confidence and prosperity.

He was referring to tax reductions, Mr. Speaker, from that date to the end of the fiscal year, some five months, amounting to only $26 million. Again on Tuesday night in his speech to this house he referred to his "bold" budget. I refer to page 1250 of *Hansard*. The Minister of Finance said:

We have sought to face our difficulties squarely and to prescribe bold courses to meet them.

The tax reductions total only $8 million for the fiscal year. Mr. Speaker, I want to assert that in my view people are fast becoming disenchanted with rhetoric and thespian appeal only, and this dodge of too much government by bluff and by bragging.

I should like to refer to the deficit. This has received a considerable amount of attention in the press. I said on Tuesday night in my few remarks that I should like to say more about the prominent figure of $640 million produced by the minister after I had an opportunity to examine the complicated figures in *Hansard*. Out of office the Conservatives professed themselves in favour of less spending and balanced budgets. One can certainly argue for spending and deficits if they are not aimless but rather are planned, comprehensive and vigorous enough proposals to provide incentive, to provide lift, to perk up the economy. But I suggest, Mr. Speaker, that an analysis of this budget will show that the deficit is more attributable to political commitments than to economic theory or for the relief of unemployment.

Mr. McDonald (Hamilton South): How about the old folks?

Mr. Benidickson: There was nothing in this budget with respect to the old folks. It results from piecemeal and unrelated measures. A deficit we can understand, but a deficit plus record unemployment shocks the country. The minister's financial leadership, now for almost a year, I suggest has solved neither deficit nor unemployment. He has added to both.

In so far as the gross national product is concerned, while the minister used a lot of words in his budget the other day he referred to it in a very passing way, and with what I felt was an inadequate build-up of

the base to give confidence that the figure he finally produced is one upon which we can rely. It is quite possible to juggle accounts with respect to expenditures, as we saw the other night, but you cannot juggle accounts of revenues. "What will be", as the song goes, "will be."

The minister forecast revenues in 1958-59 of $4,660 million, down $387 million. Now, if this is to be realized the minister must be reasonably good as a prophet with respect to his estimate of gross national product, which he suggested on page 1235 of *Hansard* would be $32 billion.

I want to raise the question before the members of the house, is he a good prophet? First of all, has he made out any real case for his estimate? I want to compare his presentation, before tossing out this figure, with a similar presentation prior to a prediction of the gross national product made by his predecessor on March 14 of last year. I refer to *Hansard* pages 2216 and 2217 of March 14, 1957.

Before suggesting in any way what the gross national product might be the finance minister at that time referred to some of the components in the gross national product. He made reference to capital investment, and to the fact that the Minister of Trade and Commerce, by his white paper, showed that capital investment was likely to increase by 7 per cent. Another component, namely commodity exports, according to Mr. Harris "should continue to increase through 1957." They did increase in 1957. Another component was consumer expenditures, and Mr. Harris said "these should continue to grow in 1957." He referred to the fact that a considerable increase in wage rates was built in through wage agreements recently made. Another component was farm income, and the minister of finance of that day said this should be maintained unless the grain crops in the west were disappointing. He referred to the labour force, and said he did not believe he "could count on as large an increase as in the previous year."

What in this budget have we had to establish the minister's estimate as a base for the gross national product? As reported at page 1235 of *Hansard,* blandly he said this:

—there are hopeful signs that we have reached the end of the recent decline.

With respect to investment intentions—I see nothing to justify a prediction of a rise in the gross national product—the minister said this:

Present investment intentions of business for capital outlays in 1958 are about 11 per cent below the 1957 level.

[Mr. Benidickson.]

He went on to say that housing and governmental expenditures would be up perhaps 14 per cent, but I draw attention to the relative volume of investment in both accounts. Here we have, then, little to build up confidence that the gross national product estimate is something that we can rely upon. As reported at page 1235 of *Hansard* of last Tuesday the minister starts off by saying this:

Assuming—

And it is a big assumption.

—normal crops, stable prices and no untoward external events, I am basing my revenue forecasts on a gross national product of $32 billion, which is about 2 per cent above the level achieved in 1957.

As I say, he does that without giving us an explanation of the components of that very important figure. He says "assuming normal crops". We all hope that normal crops will prove to be the result in 1958, but already we are getting not too optimistic reports as to moisture conditions in the western provinces.

With respect to capital investment, we normally get from the minister of trade and commerce at this time a revised estimate of the white paper that we had to smoke out of the present Minister of Trade and Commerce in March, but which in its first page made clear that the calculations were based on information obtained at the end of 1957, in December of that year.

I wonder whether we are to expect in this debate the usual revised estimate of capital investment from the Minister of Trade and Commerce. I know that last week before a congressional committee in the United States a new figure was produced, and it by no means held up to the expectations produced at the beginning of this year respecting business capital investment plans.

In addition, I think some doubt is cast on the probability of the minister's forecast when we look at his own forecast of revenues for the coming year. I refer to page 1241 of *Hansard* of last Tuesday. He referred to personal income tax. He suggested that this tax would be down $129 million in the coming year. He referred to corporate income tax. He suggested that this tax would be down $215 million. He referred to sales tax. Sales tax, of course, would be related to consumer expenditures, a component of the gross national product. He suggested that this tax would rise, despite a population increase, by only 2 per cent for the coming year.

Another component of the gross national product, or having a very important effect upon it, would be exports. As the house knows, in the period January to April of this year exports are down $21 million. So

where out of any of these figures does one get comfort in thinking there will be a rise in the gross national product of 2 per cent, unless it comes—something which the minister discounted—from an increase in prices?

I suggest that the minister seems to have taken probably the most optimistic of all advice in calculating the gross national product. That leaves some doubt in the first instance, when we consider this matter of deficit, as to whether the revenue estimate of $4,660 million is attainable. But on the expenditure side we had this striking sentence in the minister's speech:

> —we propose to eliminate the balance remaining in the national defence equipment account.

That amount was $165 million. That is an item to which a considerable portion of the press did not give very much prominence. This fund was set up by the predecessors of the minister in order to help NATO. I suggest that this is an item that is being raided at the present time in a bookkeeping manner to help the Conservative party. In looking at this budget in ensuing days I suggest that we confine ourselves to current operations. This particular kind of calculation is just about the equivalent of the minister saying, "Well, in days past my predecessors Mr. Harris and Mr. Abbott had surpluses; we will use them". That is just about what the result is when you take advantage of this $165 million in this particular account.

Mr. Fleming (Eglinton): But they drew on this account.

Mr. Benidickson: In addition there is a very interesting thing that I think could be said. I thought the minister was very casual in his arithmetic the other night. On careful reading we find that he produced a figure which established that in the main estimates we had $5,179 million; in the supplementaries, $58 million; in the hospital insurance act provision, $70 million; and for old age security deficit, $190 million. These add up to $5,497 million. He made reference to the possibility of a deficit on the Canadian National Railways, but he did not put it in his accounts. We already have the budget proposed for this year by the Canadian National Railways. The railroad itself suggests that its deficit in the coming year will be $55 million. Why leave it out? Adding this amount to the $5,497 million we come to $5,552 million, versus revenue of $4,660 million.

To me that provides a deficit of $892 million. Even if one takes the $5,497 million and even assuming there was any justification for the minister utilizing this $165 million as a transfer item and relating that to his proposed revenue of $4,660 million, I suggest that he was rather casual indeed in ending up with the round figure of $5,300 million, because there is a difference of $32 million in that arithmetic, as I see it. But the minister may say "What's $32 million?"

Mr. Fleming (Eglinton): No, no; he does not.

Mr. Benidickson: He had some other items without any price tags. He said that we must expect some payments under the Agricultural Stabilization Act. That remains with a question mark. In addition he said there would be further "statutory requirements," whatever that means. Again there is no price tag. He said as well that the house can expect the usual final supplementary estimates. I think this will be in the minds of hon. members when they consider the deficit figure that was presented to the house and the country.

This presents, I admit, quite a guessing game to any person who is now examining these accounts. As I pointed out the other night, there is nothing here to suggest that the friend of the government, Mr. Frost, can expect his $78 million which, if he were to obtain, it would mean that an additional $150 million would have to go to the other provinces on the basis of equalization.

Another interesting point is that no mention whatsoever was made in the budget with respect to civil servants' salaries. They are negotiating with the government, I understand, for a 12 per cent increase, but supposing the figure were 8 per cent the cost of that increase would be $100 million. There is nothing here about the oft-discussed pensions for superannuated civil servants. Even the new item, produced with a considerable flourish the other night—the additional subsidy of $2½ million for gold mines—does not seem to have been provided for.

The other night the minister made much of the appropriateness of the timing of proposals presented by him as financial leader of the country within the last year. I suggest that, on the contrary, the failure to realize what was happening, months after he took office, has resulted in the failure to act. As far back as last November the Trades and Labour Congress of this country called for action; they predicted that during the winter 500,000 persons would be unemployed. The Prime Minister brushed off this estimate, suggesting that these people were alarmists. That prediction, as everybody knows, proved to be conservative. I say the minister was so busy charging other people with thinking us into a depression that he did not do all

he should have done, in conjunction with his budget advisers, to think us out of the depression.

There is no bold new program provided by this government. I think it is most evident that the thinking which has taken place in past months has been preoccupied with elections, past and forthcoming, and not with matters of economics. The minister would say the bad signs were not there, and we have heard some suggestion that the previous administration was unduly optimistic; but allow me to point out that in the papers presented to us the other day the minister himself confesses that he, fairly early, had information upon which I consider he should have acted promptly. At page 1232 of *Hansard* for June 17, 1958, the minister said:

> Some slow-down in economic activity was to be expected after the excessive pace of 1955 and 1956, a pace which was straining our resources of men and materials despite very large borrowing abroad.

What was there in the budget of 1957 which would have given good counsel to the minister? At page 2217 of *Hansard* for March 14 of that year Mr. Harris, who was then minister of finance, said:

> All in all, I believe, there is a good possibility that the inflationary pressures which have been present throughout the past year may begin to moderate during the coming year.

He went on to say in a cautionary way that the increases in exports might not be as great as they had been, and again in that same speech he said:

> I do not believe we can count on obtaining as large an increase in the labour force.

At page 2217 again, in the 1957 budget report, Mr. Harris also said:

> Corporate profit margins show signs of narrowing.

We have found that that was indeed a pretty good prophecy. The minister, however, boasted the other night of good timing. I suggest that during last fall and winter we in this country had very little except soothing words from the new ministers, particularly from those most identified with the recession, namely the Minister of Finance, the Minister of Labour, and indeed the Prime Minister himself. The Minister of Finance said on November 23, 1957, that there was no national emergency in unemployment. "The number of people employed in mid-October is the highest in Canada's history." He said if this was a national emergency all he could say was that practically every country in the world would like to have a national emergency like it.

I contrast that with what the minister said the other day in his budget papers, and I refer once more to page 1232 of *Hansard* for June 17. In reporting upon the affairs of the country under his administration he said:

> By mid-1957 the value of large capital projects being started began to run behind the value of projects being completed.

On the same page he said:

> —during 1956 capital expenditure was rising at a rapid rate while in 1957 investment outlays as a whole first levelled out and then declined slightly. The slow-down in the rate of capital investment was accentuated by the inventory liquidation which developed toward the end of the year.

That is to say, toward the end of 1957. Again, with respect to unemployment, was the minister not aware of these things? At page 26 of the white paper provided to this house the day before the budget speech we find the following words:

> There were more persons with jobs in each month of 1957 than in the corresponding period of 1956, but in the fourth quarter of the year the gains became progressively smaller as employment began to show the effects of the levelling out in production.

And at page 27 of the white paper we find the following words:

> The low in unemployment occurred in June, 1957, when 162,000 persons were jobless, compared with 117,000 during the same period in 1956. From the third quarter to the end of 1957 unemployment just about doubled and there were 386,000 jobless persons in December compared with 186,000 a year earlier.

What was the Minister of Finance really saying to the country? This surely is indicative of his thinking at that time. On December 8, when speaking to the Dominion Commercial Travellers Association meeting, he is quoted as saying that "a decline in the volume of our imports is too fractional to be a cause of concern." On December 6 last, in presenting the estimates of his department to this house, he said he was still prepared to accept the estimates of revenue of his predecessor. The Minister of Labour, as late as March 8 last at a press conference in Vancouver, said, "We are over the peak."

With what did these words meet within a matter of a few days? The figure for unemployment produced by the dominion bureau of statistics showed there were 35,000 more unemployed people in the month of March than there were in February. Once again we hear soothing words from the Minister of Finance. The other night he said that hopeful signs are here, that "we have reached the end of the decline." There is no one in this house who does not hope the minister is correct; but the ministers I have quoted, the Minister of Labour, the Minister of Finance and indeed the Queen's first minister, have misread the economic signs so often in the past that there is some doubt cast upon the assertions now being made. I do not want to be a Jeremiah continually today, but we have to be realistic.

Another item which I think should get more attention than simply the absolute reduction in the number of unemployed is the rate of reduction. I find that registration at the unemployment commission's offices in the worst previous year of our post-war depression, which was 1955, went down between mid-March and mid-April from 633,000 to 556,000, which is a drop of 12 per cent. But this year at mid-April the figure was 884,000, down 30,000, it is true, but the rate of drop instead of being 12 per cent was 3 per cent.

I should like to say a few words now about trade, although during the forthcoming debate many others in this party will have something to say on this all-important subject. I referred to it briefly on Tuesday night. I spoke then of what I regarded as the seeming ham-handedness and the casting of a pre-conference chill over such things as the forthcoming commonwealth conference, particularly with respect to the proposed tariffs affecting British wool imports. I said that the same thing had been done, in my opinion rather ineptly, just prior to the Mont Tremblant conference last year. It does not seem to me that actions of this kind are likely to be very encouraging to the delegates to this assembly. We also remember very recently how vigorously we all cheered—and none of us more than the government members of this house—the speech of the Prime Minister of Great Britain. If anything I think his visit to North America, stripped of economic jargon, was basically intended to suggest ways of making the capitalist system work in the cold war. He wanted to persuade us all that we needed some new economic thinking on the part of the west. This, I think, has bread and butter implications for Canada.

I think, again in relation to the budget the other night, of the forthcoming visit, not far off, of President Eisenhower. But despite this approaching visit, which is of great importance, the Minister of Finance unnecessarily, I think, took time out in the usual hot-headed way he has with respect to the United States to introduce this subject which was so much discussed during the recent political activities. To me this business of stirring up anti-United States sentiment played up as an election issue is not desirable. I refer to the remarks of the Minister of Finance as reported at page 1237 of *Hansard*.

What is the basis of all this? Can it be that it is largely personal pique? *Time* magazine of April 26, 1958, referred after the election to what it called the flying visit to Washington of the minister for external affairs and the Minister of Trade and Commerce, and then the article said:

> Since they were in town, the two ministers decided also to drop in on their two U.S. counterparts. Commerce Secretary Sinclair Weeks turned out to be too busy to see Churchill in his office, but that evening the two managed to link arms at a cocktail party.

I have no critical reference to make to the latter part, but I wonder if it is pique that is responsible for continued affronts to a country which continues to be Canada's best customer. I think there is still rankling in the mind of the government this phrase, after their last attempt to do something constructive and important in this field, when so much emphasis was given to the phrase "we fixed 'em".

I suggest, Mr. Speaker, that if you were a businessman with one big customer and a number of smaller ones and you wanted to enlarge your business, you would try to be nice to all your customers; you would not tell your big customer, "I want to do business with more people, so I want to do less with you". That would be very unwise and I suggest not likely. The Gordon commission suggested in its report that in times of recession—and we have such times now—it would be found that our exports to the United States would hold up better than our exports overseas. This happened in 1957 and it is happening today. In 1957 our exports to the United Kingdom fell by $75 million, while our exports to the United States rose by $51 million.

I have no doubt we will have a further opportunity to consider what the government has in mind by its reference in the budget speech to dumping. We will have a statute and be able to examine the language of that statute and debate it in due course, so I do not propose to go into this subject to any great extent. The announcement of the change in the dumping laws will have to be examined in the light of the legislation when it is brought down, but on its face it appears to be another "back to Bennett" item repeating his very special kind of dumping laws which consumers in this country will remember. From what the minister has already said it appears that there is great danger that these dumping laws will be used as a weapon to harass producers in other countries rather than as a legitimate instrument of government economic policy.

One of our most serious and justified complaints against the Americans—and this was referred to in the minister's speech the other night—is that they use regulations of various kinds to keep out our exports. The minister's remarks with regard to this appear on page 1237 of *Hansard*. Today it looks as if, with this new weapon which the minister is adopting, we are in danger of doing exactly what so angers us when the United States do it; and we are doing it just prior to this

very important visit by the President of the United States and Mr. Dulles.

This is typical of some of the ineptness which has preceded conferences of the greatest importance to this country. We are not fooling anybody by this, particularly our best customers. The other day in Washington the United States ambassador to Canada, Mr. Merchant, appearing before the Senate foreign relations committee had this to say:

> Mr. Diefenbaker can be expected to continue to protest eloquently and with vigour what he considers protectionist action by the United States, while at the same time yielding to protectionist pressure groups in Canada by imposing restrictions on certain categories of imports.

How is trade to be enlarged by this kind of procedure?

Now I should like to make reference to a subject which has been discussed several times this session, namely the public works program of this government. I said when speaking on the first interim supply bill that one can of course argue for spending and deficits in a recession. The government would like the people of Canada to believe that the new high expenditures and large deficit are due to deliberate planning and an unusually large public works program. With the present government's Madison Avenue technique to which we have become accustomed, I think they have been somewhat successful in attaining this objective. Articles in the press have certainly tended to foster this idea. A big play was made by the Prime Minister with the word "launch" when he spoke of the launching of a vast program of public works. Of course he linked with it a big program to combat unemployment.

Careful examination of the figures, as I have pointed out previously this session in the house, quickly reveals that the figures presented are largely normal spending by a government, expenditures that would be presented by any government. They are not new; they would be provided in good times or bad. In confirmation of that statement I wish to make reference to table 3 in a press statement presumably put out by the Minister of Finance on May 13, when he was releasing the main estimates in this house for the coming year. This table has been broken down into four headings: "Administration and operation", "Building, works and equipment", "Grants, subsidies and other items" and "Recoverable items". The total allotment for "Buildings, works and equipment" for the period 1958-59 is $927.3 million as compared with $923.5 million for the 1957-58 period provided by the previous administration in a time of economic inflation and with very little thought when under preparation of the more difficult winter ahead in 1957-58. This indicates that on May 13, 1958, there was nothing very planned or striking in the public works proposals of the present government.

In addition I remind the minister that when he spoke on his estimates on December 6, 1957, he said very clearly that where there are expenditures that involve construction which means employment, items would not be reduced. I draw his attention to the fact that not long afterward he was called upon to approve a warrant to be presented to the Governor General for expenditures for the balance of the year. The warrant is dated February 15, 1958, and it discloses reductions in construction votes totalling almost $20 million. There is a reduction in construction votes of $11,501,636. From that must be deducted some increases in construction votes but they amount to only $66,576, leaving a net reduction of $11,435,060 in the ordinary accounts, plus reductions for construction in the loan accounts of $8,501,490 making a total of $19,936,550.

There is altogether too much rhetoric and not enough reality in some of the actions of this government, and as I have said the public will soon realize this. Too much of what we hear proves to be pretty empty, almost phony when it receives careful examination. I want to bring the house right up to date. If there is anything the government has done about which we have heard much in recent weeks it has been the steps it took with regard to the housing program. Reference to housing has predominated from the time of the speech from the throne on, and we have heard a great deal about the housing program of this government in terms of it being a work-creating measure.

After the speech from the throne was announced nothing received more attention from the press than the government's $350 million housing program. Indeed with typical flair and a typical sense of publicity value the throne speech debate itself was interrupted to permit the house to deal with amendments to the National Housing Act. It was said to be an emergency measure, and it was most important that the amendments be passed involving the expenditure of $350 million for housing which would make available work for the unemployed. Within a matter of a week or perhaps two weeks after this splashy and very well-huckstered window dressing we found that this proposal was just as empty as are so many other proposals that are well advertised; as empty as a bird's nest in December.

After the bill was passed by this house the subject of the government's housing

program could only command from the press and from the public the usual yawning. But the truth comes out. I want to read what the president of Central Mortgage and Housing Corporation had to say with respect to this additional $350 million, when he appeared before the standing committee on finance of the other house on Thursday, June 5, 1958 as recorded at page 29 of the minutes of proceedings of that committee. Mr. Bates said:

> —we are standing merely on residual loans . . . It is my opinion . . . that by the end of the year, if we got into it again in September—

He was referring to direct lending.

> —we might have spent $30 million or something of that kind—

—by the end of the year. What a contrast between rhetoric and deeds, promises and performance.

If there is anything in the new budget that probably had a chance of making an appeal to the average member of the public I think it was the reference to deducting for income tax purposes certain prescription drugs. Actually this again is a window dressing item, because in the budget brought in by Mr. Harris last year a standard deduction of $100 was provided to all taxpayers, and at that time on advice of the officials of the department the minister said that about 75 per cent of the taxpayers of the country had not put in claims of this kind and therefore it was a clear, new deduction.

I think the Minister of Finance has been found out on this, too. Just yesterday the *Financial Post*, a very authoritative and highly respected financial publication in this country, commented on the new budget in these words:

> There is flashy political appeal in some of Finance Minister Fleming's tax changes, but when citizens get them digested and when they figure out what the changes could actually mean to them, there will be widespread disappointment.
>
> Making drugs and medicines, eyeglasses and artificial eyes, ambulances and laboratory services exempt from income tax, will catch popular fancy.
>
> But the 3 per cent of income limit on such income tax deductions, which Mr. Fleming retains, still means that very few people will be sick enough to get any benefit whatever from the change. If the Tories wanted to do anything significant on reducing this human burden, they should have lowered the 3 per cent figure so long recommended by tax experts and then the sick would have had an honest benefit.
>
> The same thing applies to some of the other income tax changes announced. These gestures will look and sound good in the constituencies, but they will mean very little or nothing to all but a very few people—and very, very little of them.

I will have additional opportunities in the further stages provided in the budget debate to comment on some of the other items of the budget, but I want to repeat what I said on Tuesday evening; that contrary to what the minister said then there is nothing in this budget which suggests bold courses. We have a deficit not by design but by default. There is nothing new in the budget either for jobs or for business. I therefore move the following amendment, seconded by my deskmate, the hon. member for Bonavista-Twillingate (Mr. Pickersgill):

> That all the words after the word "that" be struck out and the following substituted therefor:
>
> "this house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction."

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the wording of the amendment should recommend it to the house and to the country. Certainly our group is quite happy to support the amendment as it has been moved. I believe that by the time I draw to the conclusion of my remarks my colleagues, who are very good draftsmen, will be able to hand me a subamendment which will also commend itself to the country.

I congratulate the Minister of Finance on his facility in both languages and I say to him quite sincerely that I envy him in this regard. I was most interested in his budget speech. I can only say that I wish he had presented such a comprehensive budget statement in the last parliament a few months ago.

I also want to commend the hon. member for Kenora-Rainy River (Mr. Benidickson) on his effort as financial critic for the official opposition. I enjoyed his remarks. In fact when there was a lot of punch in them I enjoyed them exceedingly. I congratulate him on the effort he made.

I think this budget will be taken by the people of Canada as something of a shock. One hears of shock treatment being used at times by the medical profession. I think the budget is shock treatment for the people of the country. It demonstrates that we on this side of the house were right when we said in the last parliament that the government owed it to the country to present a comprehensive budget that would hide nothing and would show the true financial picture of the nation. That was not done. There was no budget in the last parliament. There was no comprehensive statement as to what would happen in the ensuing fiscal year.

What did we have last session? When the government was criticized about economic conditions the main thing we had was the waving before the house of a so-called secret document that had been presented to the former government and not divulged by them. We had a motion in the house the other day

asking that the up to date version of the same secret document be now divulged, and the government would have nothing to do with it.

I think the document that should have been divulged before the election is the budget speech of the Minister of Finance. If that document, which was kept secret until after the election, had been available to the people of the country I have no doubt that the results of the election would have been a great deal different; because the government, by refusing to disclose the economic facts facing the nation, was able to camouflage the true position of the country and to benefit in a political sense. This is an ice water budget which I think will awaken the people of Canada to the fact that on March 31 they were cheated, as has been proven by the government's lack of action since that date.

I sat on this side of the house for many years with members of the present government, and I was just as energetic in criticism of the former government as I am now. I had expected until a very few weeks ago, as a matter of fact, that the government would continue for some time on the road it took last session, a road of progressive legislation, a road to improve the economic lot of the ordinary people of the country. But I have been fooled. They have now halted that forward progress. The Conservative party which goes by a hyphenated name—

Mr. Fleming (Eglinton): It is not hyphenated. There is no hyphen in it.

Mr. Argue: A double name, two separate names.

Mr. Pearson: Double-barreled mediocrity.

Mr. Argue: Last session we saw the progressive face of the Progressive Conservative party but now we see the conservative face, the Tory face with the mask off. This is a Tory budget, this is a depression budget, this is a recession budget. The best the Minister of Finance can forecast in the budget is that things are going to stay as bad as they now are throughout this year.

Mr. Fleming (Eglinton): Oh, no.

Mr. Argue: He forecast a 2 per cent increase in the gross national product. The increase in the population of the country is ordinarily about that figure, so we are going to remain just where we are with widespread unemployment, with the agricultural industry in a state of depression and in many parts in almost total collapse, without any policy, without any action by the government to improve the economic position of the people of the country.

The Minister of Finance is a great master of words. He has shown us that he can champion either side of a cause with equal ease and facility.

Mr. Pickersgill: And equal volume.

Mr. Argue: He has contradicted himself so often in the budget that it is a double-barreled budget with the barrels pointing in opposite directions. What did he say before he had completed one full page of his address as it appears in *Hansard*? As found on page 1231 of *Hansard* of June 17 he said:

> Foremost among the factors which we must keep in mind in reviewing the year 1957 is the record population increase of 552,000, an increase which brought our population at year-end to 16.9 million. About half of this growth was the result of natural increase and about half was due to the exceptionally high level of immigration.
>
> Some idea of the economic importance of this great increase can be gained from the fact that there are only three Canadian cities with a population in excess of half a million people.

Then he went on:

> Population growth of itself does not ensure progress, but in a country such as ours it has a special significance. It provides a greater market for our agricultural produce and for the products of our factories and reduces our vulnerability to changes in external demand. It brings us a greater diversity of talent and the means of employing it to better advantage. It reduces the per capita cost of supplying essential services in this great land.

Here we have outlined all the advantages of an increase in population, half of which was brought about by natural increase and the other half from immigration, yet the government chokes off immigration as one of its first actions on taking office. They choked off immigration which, according to the words of the Minister of Finance, had done so much for the economic welfare of this country. We have double talk from the Minister of Finance.

During the last session we heard a great deal about the improvement that was to be made in the old age pension, the improvement in the position of people obtaining social security benefits. We welcomed the improvement. What were we told? We were told that the improvement for the old age pensioner was not the end but was only the beginning. The Prime Minister said he was having an inquiry made into the social security system in the United States, and he was in a hurry to have this inquiry made. He appointed Professor Gordon Huson and set out a tight timetable of three or four months for the work. The professor said it was not long enough, so he was promptly dropped and another man, Dr. Robert Clark of the University of British Columbia, was appointed. The aim was to get a report within

three or four months so that Canada would have the advantage of an improved social security system.

Well, the report has not yet been made, though it is more than four months since Professor Clark was appointed. More important, when I asked the Prime Minister on May 30 when a report would be received, and whether when it was received action would be taken this session to improve the old age pension, what did he say? He said, as reported at page 677 of *Hansard* for that date:

> As to whether or not action will be taken at this session of parliament, I must say that having regard to the tremendous amount of work yet to be done as set out in the speech from the throne, I would not expect it would be possible to give consideration to the report, even if received now, to enable any legislation to be brought in at this session.

The people of Canada have been fooled and hoodwinked in this regard, because they expected an early report. They expected early action. Why should parliament not sit for another three or four days this session—let us assume it would be a long debate—to discuss and pass legislation providing for an improved system of social security? The reason there is no hurry now is not that there is so much legislation before the house, the reason is that the election is over. The urgency is over, and there is plenty of time to consider the matter during another session of parliament at some time in the future. I ask the Minister of Finance if he has anything to say as to when such action will be taken.

How much did we hear from the government before the election about the need to increase commonwealth trade? This was the big pitch of the Conservative party. They were going to increase commonwealth trade, and they were going to call a conference. They did call a conference, and they received an offer which they have not yet answered. It made them dizzy when they heard it, and they have not yet recovered sufficient equilibrium to provide a reply. We thought we were going to hear something about the government's plans for freer trade, but we did not hear anything in the budget last year. We thought there might be something in the budget this year. However, the budget contains the same old Tory policy all the way through of higher and higher tariffs, more and more obstruction to international trade. This policy is not going to help industries or the people who work in industries. I suggest it is directed toward helping some of the management; it may help a few of the owners. The report of the tariff board on the woollen industry says this policy will not save the industry.

If the government wanted to take action, instead of putting up the tariff why did they not remove the excise tax on clothing? This would have increased the home market for woollens and other goods. Why not provide full employment, with the resultant tremendous increase in demand for textiles that would follow such a program? There has been no planning on trade. There is nothing in the budget except a reversion to the old Tory policy of higher and higher tariffs.

I thought last session that perhaps the new look of the Conservative party might stay. I thought perhaps the Prime Minister would use his influence, and would have sufficient influence in the cabinet, to break down trade barriers and to overcome the Tory members of the cabinet. He lost out if he did try, and I do not know whether or not he did. This provision in the budget for higher and higher tariffs has all the earmarks of being made on Bay street, or having been written in the board room of the Toronto stock exchange. Certainly the budget contains nothing for the ordinary people of this country.

I know the Minister of Finance took a long time to outline the various reductions in excise taxes, the increased exemption for medical expenses, the little here and the little there. However, there is not very much in total, only $8 million over a year as compared to the $26 million in the legislation brought in last year. I have a statement here, the source of which I shall give a little later on. It was made about similar reductions in a budget not so long ago. The statement is as follows:

> It is an illusory budget. It proposes changes, large in number but small in individual extent in every case, and seeks to create the impression of importance by their mere multiplicity. The banquet table is long. It is well dressed. The best silver and china are used. The lackeys are well-trained. But the fare is thin. The guests have left unsatisfied.

This was a statement by the present Minister of Finance in this house on March 21, 1957, as recorded at page 2553 of *Hansard*. I believe that is a far more appropriate and more accurate description of this budget than I am able to give. This government, with its double talk, with its progressive face of last year and its Tory face of this year, is just as inconsistent in all its actions.

We heard a great deal about the government wanting to help education in this country by providing further grants to assist young people in obtaining an adequate education.

There is really nothing in this budget except to coax the corporations to do some of the things that the government itself could be doing by way of grants for education. The Minister of Finance had this to say as far

as the application of income tax law is concerned, as reported at page 1244 of *Hansard*:

> It is important that income tax law should receive constant attention to ensure the greatest degree of equity in its operation.

Yet the dividends from investments in corporations are still, to a very substantial extent, not taxable. We find that a married person can earn $11,350 without paying any income tax whatsoever with the exception of $60 old age security tax. Is there any equity amongst Canadian taxpayers with this provision still remaining in the budget? Have any steps been taken to tax into the federal treasury some of the enormous speculative profits that are being made in the gas pipe-line corporations of this country? How roundly the Conservatives criticized the Liberal government for their actions in connection with gas pipe lines. If we pick up almost any paper in recent days we find that Conservatives all over this country, whether they be high-placed Conservatives in Ontario or high-placed Conservatives with another name in the province of Quebec, have all got their elbows or their arms into this very lucrative deal, or as somebody says, their nose in the trough. They are still exempt. There is no capital gains tax. Yet the minister talks about equity in taxation.

Here is another instance where we find the government talking both ways. Before the election they said they were going to call another conference or reconvene the federal-provincial conference. That categorical statement was made by the Prime Minister and by the Minister of Finance. But there is not a word about it in the budget, not a sound or a breath. Before the election the calling of a conference was announced. After the election no interest is shown in the conference.

The agricultural producers of this country expected fair treatment by this government. They put great stock in the Agricultural Stabilization Act passed in this house last year, and in the clause which said that floor prices would be established in relation to the cost of production taking into consideration the farmer's investment and a fair labour income. The farm organizations came down here a few weeks ago after the election and said to the government, "What are the cost of production figures?" The government said, "We do not have any; there are no statistics available". The legislation says the farmer is to have the cost of production, but the government are not trying to find out what the cost of production is.

As I said earlier in the session, the western producers expected that deficiency payments on grain would be made. To show their confidence that something would be done, after the election was over they came to Ottawa and asked for deficiency payments of something in excess of $220 million in total on two crops of grain. But in the budget there is not a word about that, not a breath.

In calculating this huge deficit, no account has been taken of the possibility of deficiency payments on western grain for the last two crops. I say that at this moment this government has turned thumbs down on the farmers' request for deficiency payments. I say that the government has failed to fulfil that promise, and at this moment has no intention of fulfilling that promise; because if they had, the deficit forecast would have been much greater. The only hope for western producers at this time is to join their farm organizations in greater numbers and put a great deal more pressure on this government by way of submissions and by way of interviews.

Mr. McFarlane: Nonsense.

Mr. Argue: Yes; and by way of mass delegations.

Mr. McFarlane: Nonsense.

Mr. Argue: It is absolutely apparent that this government has no intention of meeting that commitment. Why would they? Apparently they lost their interest in keeping their promises on March 31.

Some hon. Members: Oh, oh.

Mr. Argue: Of the 48 prairie members, they have 47, so there is no interest in it any longer. They have all the seats now but one.

An hon. Member: Talk for your own party.

Mr. Argue: I am going to speak on behalf of the producers of western Canada, who unanimously want deficiency payments at this time. The government talks one way in that regard before the election and the other way afterward. They blamed the former government for widespread unemployment. They said they had a public works program that would put people back to work.

An hon. Member: We have.

Mr. Argue: They said they had a public works program to relieve the unemployment problem. The Minister of Finance, by his forecast of the gross national product in the present budget, says he does not expect there will be an improvement in employment and a reduction in the general unemployment picture or in the numbers of unemployed this year. If the Minister of Finance had expected unemployment to be reduced, if he had expected the unemployment situation to be solved, of necessity he would have been

obliged to forecast a 5 per cent increase in the gross national product in order to have everyone working.

Mr. Deputy Speaker: It is with regret that I must interrupt the eloquent speech of the hon. member but, it being one o'clock, I now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

ATOMIC ENERGY

ANNOUNCEMENT OF APPOINTMENT OF CANADIAN REPRESENTATIVE AT FORTHCOMING CONFERENCE ON NUCLEAR TESTS

Mr. Speaker: By leave of the house, has the Prime Minister leave to revert to motions to make an announcement?

Some hon. Members: Agreed.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in reverting to motions at this time I would like to make an announcement concerning a matter of immediate importance respecting the projected talks on the technical methods of verifying compliance with an agreement on the suspension of nuclear tests.

Exchanges on this question have taken place in recent weeks between the United States and the Soviet union, the latest of which was in the form of a letter dated June 13 last from the Soviet union, to which the United States has delivered its reply as of today's date.

Hon. members will understand that it is not for me to make public the text of this communication, which will be released in accordance with procedures agreed upon between the United States and the Soviet union. It is, however, appropriate for me to announce that Canada was invited to nominate a scientist to participate as one of the experts on the western side. It is therefore a pleasure for me to announce the appointment of Dr. O. M. Solandt, who for many years was chairman of the defence research board and is one of Canada's great scientists. Dr. Solandt is now vice chairman of the Canadian National Railways in charge of research, and has agreed to make himself available for this important and exacting assignment. Dr. Solandt's name has therefore been included in the list of western scientists contained in today's communication from the United States to the U.S.S.R.

I felt that this announcement should be made in the House of Commons simultaneously with the announcement in Washington, and that hon. members should learn of the appointment in this way rather than through the medium of the newspapers.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think all members of the house will have heard with great satisfaction the announcement which the Prime Minister has been good enough to make to us. It seems to me entirely proper that a Canadian scientist should take part in these discussions because of the advances which have been made in this country in the field of atomic science. I for one am very glad that the Canadian claim has been recognized, and I can imagine no one better qualified for this assignment than Dr. Solandt.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of this group may I say we are very pleased to hear the announcement by the Prime Minister, and to know that Canada is going to take such an active and direct part in assisting to solve this most complex and difficult problem. We are furthermore very glad that such an experienced and well-known Canadian citizen has been chosen for this purpose.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. Argue: At one o'clock, Mr. Speaker, I was pointing out that the Conservative party was a much different party from the Conservative party before the election as evidenced by the budget. One of the great problems remaining unsolved is the very widespread unemployment in our country. The budget is bare of any policy designed to put the unemployed back to work, and I think it is a shame and a disgrace to a nation such as our own that so much technical know-how and such a vast amount of plant and men should be idle at a time when many of our people are in great need.

The Minister of Finance brushed aside this aspect very quickly and lightly in his speech the other night. but he did not always brush the unemployment problem under the carpet in this way. In years gone by he was

very concerned about the question of Canadian unemployment, and on March 22 of 1955 he had this to say, as reported on page 2261 of *Hansard*:

> When we entered this debate several weeks ago I am sure that all hon. members expected that the government would avail itself of this opportunity to make an announcement of whatever policy it proposed in order to grapple with a situation which is assuming emergent proportions.

He went on to say:

> This session opened two and a half months ago with a statement by the government contained in the speech from the throne as follows:
> "Some unemployment of a regional and seasonal nature is being experienced."

He said that the statement in the speech from the throne was a palpable and grotesque absurdity of understatement. That is what he said about the unemployment situation in March, 1955, at a time when there were 327,000 persons without jobs and seeking employment. However, in his budget speech, when he described the present unemployment situation as a fairly mild recession, there were no less than 556,000 persons at that time without jobs and seeking work. The minister, when he was a private member in 1955 and when unemployment was a great deal less, said something should have been done, but certainly this budget is bare with respect to action to alleviate the unemployment situation.

There are many things which should have been done in this budget; one thing certainly was to increase the income tax exemptions. The present exemptions of $1,000 for a single person and $2,000 for a married couple are completely inadequate. Because we feel there should be an increase in income tax exemptions, I wish to move a motion seconded by the hon. member for Kootenay West (Mr. Herridge) as follows:

> That the amendment be further amended by adding thereto the following words:
> "This house further regrets that the government contemplates no action at this session to recognize the loss of purchasing power to the majority of Canadian citizens because of the lowered value of the dollar as related to consumer goods and prices, by amending the Income Tax Act so as to raise the amount of permissible income to single and married persons without taxation.

An hon. Member: How much?

Mr. Argue: We have left it as a general principle rather than putting in an exact figure.

Some hon. Members: Oh, oh.

Mr. Argue: I do not mind answering questions; as a matter of fact I agree with the statement made by a very prominent member of this house—the present Minister of Finance —on January 24, 1956, wherein he said that if the minister of finance was not prepared to go as far as Conservative policy advocated in this respect, namely $1,500 for single persons and $3,000 for married persons without dependants, then at least he hoped that he would take a generous step in that direction.

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): What did we do last December?

Mr. Argue: That is precisely how far we would like to see the government go. I feel the words of the Minister of Finance back in 1956 were well chosen—when he said that if the government would not go that far they should at least take a generous step forward. In the hope that there might be a single Progressive Conservative of this house who will support the motion, we have made it in general terms, trusting that it would command the greatest amount of support. However, as a direct reply to a direct question, I think the Minister of Finance was right in those days when he said the exemption should be raised to $1,500 for a single person and to $3,000 for married persons.

Mr. Chown: Would the hon. gentleman permit a question? Has he figured out what such an exemption would add to the present budget deficit?

Mr. Argue: I have looked into this very carefully in the light of the considered statement by the Minister of Finance back in 1956, and I feel that the statement he made at that time was correct. The statement the Minister of Finance made in the past was that this government would not hesitate to finance by means of a deficit. We are quite prepared to see the deficit go to any extent necessary to put people back to work, and we are prepared to increase exemptions to this amount. We would go one step further. We would start taxing some of the millionaires and some of the multi-millionaires who in recent years have made millions of dollars profit, without tax, under the policy of the former Liberal government, and who are doing the same today under the policy of the Conservative government.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The hon. member for Assiniboia has the floor.

Mr. Argue: The official opposition was tried as the government of this country for 22 years and was found wanting, and was very rightly turned out of office on June 10 last, but the new government that has taken office since is no different. They took a short step forward when they were only a minority in this house, but they are now back to the

economic policies which resulted in their predecessors being turned out of office. We say to the people of this country at this time that there is only one movement that should be supported by people who are progressively minded, or liberally minded and that is the C.C.F. movement, and we look forward to the day when the people of this country will accept our policies. We are quite pleased with the results of the elections in the province of Manitoba which showed that the C.C.F. party is the only party in that province which is growing at this time. We ask this house to support the proposition that income tax exemptions should be increased.

Mr. Browne (Vancouver-Kingsway): Would the hon. member permit a question? He said he looked forward to a day when the people will accept his policy, but in the tirade we have just heard I did not hear much about policy. I heard a good deal of criticism but no constructive suggestions.

Mr. Argue: Is that your maiden speech?

Mr. Speaker: Before putting the amendment to the amendment, may I say a word about the amendment itself, which reads, in substance:

> That this house regrets that the government in its budget proposals has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history—

I accept the amendment to that point, but I raise for consideration the latter part of the amendment which seems to me to duplicate an amendment moved on the address in reply to the speech from the throne. The latter part reads as follows:

> —and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction.

Now the amendment moved by the official opposition on the address in reply to the speech from the throne read:

> We respectfully represent to Your Excellency that a high level of employment and prosperity in Canada requires a high and expanding level of international trade, and that this will be promoted more effectively by vigorous measures for the expansion of trade with all countries than by efforts to divert from one country to another.

It seems to me that the second half of each amendment is essentially on the same subject, and I wonder whether the Leader of the Opposition (Mr. Pearson) would agree, in the absence of the hon. member for Kenora-Rainy River (Mr. Benidickson), to the deletion of the second half of the amendment.

Mr. Pearson: Mr. Speaker, with great respect I should like to call to your attention the fact that our earlier amendment dealt with the question of the expansion of trade as opposed to the diversion of trade. This amendment deals not with one form of trade restriction, which might be diversion, but with trade restrictions generally, and puts those trade restrictions in the context of the general policies of other countries leading in the opposite direction. In other words, the amendment seeks to draw a contrast between the trade policy embodied in this budget and the policies which are being followed by other countries in the world, and I should have thought with great respect, Mr. Speaker, that this distinguishes it from the amendment we raised to the address in reply to the speech from the throne. I call this to your attention in case you may wish to give the matter further consideration.

Mr. Fleming (Eglinton): Mr. Speaker, perhaps you would wish something to be said from this side of the house on the question that has been raised. As I understand the rules of the house, it is that there may not be duplication of debate in the sense that when there has been a debate on a subject, that debate may not be revived during the session by the introduction of what is in substance the same question. It is not necessary that the second motion or amendment be in precisely identical terms; it is a question whether debate on the subject is, in essence, revived by the second measure, motion, amendment, or whatever it may be, which it is sought to introduce.

The Leader of the Opposition (Mr. Pearson) has sought to distinguish the motion he introduced on May 13 from the second part of the amendment introduced this morning by the hon. member for Kenora-Rainy River (Mr. Benidickson) by saying that they both relate to trade but that the earlier motion relates rather to the diversion of trade, thus seeking to contrast diversion of trade with expansion of trade, whereas the second half of this morning's amendment purports to condemn the government because it is said that there has been a movement toward greater trade restriction.

Looking at the matter, not in terms simply of the words but in terms of the substance, it is perhaps clear that there will be some duplication of debate. At the same time, I believe that it will be the desire of all hon. members that there should be the fullest opportunity for the discussion of trade policy during this debate. In response to previous requests I reviewed the position and policy of the government in relation to trade, with particular reference to our trade relations with the United States and the efforts we are

making to expand trade within the commonwealth, and while it may well be that the amendment could be more happily worded to allow the fullest discussion on those points, I for one would not wish to see any undue limitation of the discussion of the trade questions and policies that are directly presented to the house by the budget. I may have my own opinion about how far this particular amendment strays away from those policies that were put before the house in the budget speech or which are raised directly or by implication in any of the budget resolutions. But, Mr. Speaker, I do think in this debate, as long as there is no trespass on the matters that were included in the earlier debate, it would be the wish of the house to have a full opportunity to discuss those questions of trade that were raised by the budget.

Mr. Speaker: I am prepared to accept the view as expressed by the Leader of the Opposition (Mr. Pearson) with the reservation that he claims there is a distinction and perhaps I may try to find a distinction in the course of the debate. No one wants to proscribe a free-ranging debate of the kind of the budget debate and I accept the second part of this amendment as relating to the fiscal policy of the government related to trade and therefore opening the door for this kind of discussion.

May I now put the motion moved by way of amendment to the amendment. It is moved by the hon. member for Assiniboia (Mr. Argue) and seconded by the hon. member for Kootenay West (Mr. Herridge):

That the amendment be further amended by adding thereto the following words:

This house further regrets that the government contemplates no action at this session to recognize the loss of purchasing power to the majority of Canadian citizens because of the lowered value of the dollar as related to consumer goods and prices, by amending the Income Tax Act so as to raise the amount of permissible income to single and married persons without taxation.

Mr. Richard A. Bell (Carleton): Mr. Speaker, the house has heard two vigorous speeches from hon. gentlemen who take their roles as critics rather literally. As I listened to their rhetoric—indeed to their declamations—I was reminded of Disraeli's remark, "How much easier it is to be critical than to be correct". Such congratulations as I may extend to the hon. member for Kenora-Rainy River (Mr. Benidickson) I must reserve first to congratulations upon the confidence his party has demonstrated in him, and properly so, in designating him for the important and onerous role of financial critic, and second upon the pleasant manner of his speaking in this house.

From the gallery of this chamber it has been my privilege to hear every financial critic since the year 1927: Guthrie, Bennett, Ralston, Lawson, Hanson, Harris, and more recently the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Greenwood (Mr. Macdonnell), the latter I suppose being the veteran budget critic of all time. The hon. member for Kenora-Rainy River in taking this role has joined distinguished company and I extend my wishes to him in the words once used by the late Ernest Lapointe, "I wish him luck, but not too much".

I spoke of the onerous role of financial critic that now falls to the lot of the hon. member for Kenora-Rainy River. Onerous and arduous that role will be for the hon. gentleman as long as the hon. member for Eglinton (Mr. Fleming) occupies the treasury benches as Minister of Finance. But what disappointed me in the speech of the new financial critic—and I must confess it immediately—was that he fell into the same error as his immediate predecessor, the former member for Coast-Capilano, in attempting to substitute angry scattered jibes and epithets for reasoned consecutive argument. May I say with respect that his was a speech conceived in angry frustration and delivered with a sense of bitter repression and electoral disappointment for these are the qualities which regrettably have characterized hon. gentlemen opposite since June 10 last.

Not yet have they reconciled themselves to the facts of political life. Not yet have they recovered from the complex they have of their divine right to rule. Perhaps it is because of that that in his speech and in the amendment which he moved the hon. member for Kenora-Rainy River has succeeded in getting on both sides of every issue, has succeeded in begging any question and has succeeded in blowing hot and cold on every problem. When he was speaking I set out to refresh my memory of the words of Samuel Butler, and these are they:

He was in logic a great critic
Profoundly skilled in analytic
He could distinguish and divide
A hair 'twixt south and southwest side.
On either which he would dispute,
Confute, change hand and still confute.

The speech of my friend the hon. member for Assiniboia (Mr. Argue) was merely a political stump speech, a warmed-over election hustings version. What serious contribution did the hon. gentleman make to this debate?

Some hon. Members: None.

Mr. Bell (Carleton): In the midst of his tirade of abuse—and that is all it was—he

did make one suggestion. He suggested removal of the excise tax on clothing made in Canada. He was apparently oblivious to the fact that under GATT we must not discriminate and the tax would have to be removed from all goods whether Canadian or imported. How would that help? That is but a sample of the confused economic thinking of hon. gentlemen opposite. I could multiply it many times but I will not take time this afternoon to do so.

An hon. Member: It isn't so much confused economic thinking as ignorance.

Mr. Bell (Carleton): I said that the hon. member for Kenora-Rainy River blew hot and cold. It seems to me that the Liberal critic was in favour of balanced budgets, certainly he was opposed to the deficit in this budget but equally he was in favour of larger deficits under existing circumstances. On Tuesday night he waxed indignant and sarcastic about the present deficit yet did he not then and does he not today advocate policies which would result in a much larger deficit? He appeared to be in favour of what he called quick economic stimulus by way of tax cuts, yet at other times he appeared to be in favour of tax maintenance. I thought I detected today that he was in favour of reduced expenditures but he was equally in favour of and called for higher payments. He was in favour of protection for Canadian industry and against all means of protecting Canadian industry. He was in favour of the expansion of trade within the commonwealth and against all means of achieving such expansion.

He was in favour of additional assistance to the provinces and to the municipalities yet rigidly adhered to the policies of the former government, rejected and discarded by the electorate, which prevented additional assistance to the provinces and the municipalities of this country. He was against dumping but in favour of the legislation which permits it. Never in such a short period of time did I ever hear one speaker gore himself on the horns of so many dilemnas and I reflected, "Oh, Consistency, thou art a jewel!"

As I listened in incredulous fascination to the hon. gentleman I realized that the Liberal party continues as a house divided against itself. I realized how delicately and indecisively the hon. gentleman had to walk the tight rope in order to satisfy at the same time the Winnipeg *Free Press* and the party's eastern moguls.

The amendment moved by the Liberal party which apparently is to have the support of the C.C.F. consists of what? It is nothing but sophistry, hollow equivocation, and nothing could better demonstrate the political bankruptcy of the Liberal party. The C.C.F. sub-amendment certainly does not improve upon it.

Mr. Deschatelets: What about unemployment?

Mr. Bell (Carleton): What about unemployment? I will tell you plenty about it and I will make it clear who is responsible for the present situation in unemployment before I am done if that is the issue the hon. gentleman wants to raise.

The hon. member for Kenora-Rainy River laboured long and hard this morning to have this house and the country believe that the conditions of recession and unemployment have been a direct result of the economic and fiscal policies of this government. In fact, he would have us believe that it was contributed to by the failure of the government to present its budget earlier, perhaps last autumn, and by other alleged deficiencies which the hon. member for Kenora-Rainy River described in terms rather more vivid than accurate. Let us examine these allegations. Let us put the situation in perspective. I suggest the best way to do this is to ask ourselves this question: What would have been the situation in Canada today if on June 10 last, by peradventure or misadventure, my hon. friend's party had been re-elected?

I can tell you exactly what the situation would be. First, there would have been no budget or financial accounting of any kind at least until late this spring. This government did give a financial outline on December 6 last. Hon. members opposite have screamed for an autumn budget knowing full well that there would have been none if they had been in power. Actually all they were doing was administering another kick to the already well-bruised Walter Harris.

Second, there would have been no tax reduction as occurred last December. The Canadian people would have been deprived of the benefit of substantial tax cuts in personal income, corporation and excise taxes amounting to $178 million. These present advocates of tax reductions, of a tax holiday indeed, though that was not mentioned today, would have pursued the unrealistic policies laid down in the last Harris budget. I say, that that budget was as complete a miscalculation of the then existing economic position of this country as it was of the mood of the Canadian people.

Third, there would have been no increases in old age pensions beyond the Walter Harris-William Benidickson figure of $6 a month. There would have been no increases in disability pensions, in blind pensions, in war veterans allowances, no change in the Pension

Act, no change in the Unemployment Insurance Act. Hospital insurance could not conceivably have become effective anywhere before January 1, 1959, and probably not then. The advantages of these additional large sums in alleviating a Liberally inspired and created recession would not have been available.

Fourth, there would have been no additional money for housing. Housing starts had almost ceased when my hon. friends opposite went out of power. Under their policy recession would have become full-out depression. This morning the hon. member for Kenora-Rainy River called the $400 million for housing, "splashy and well-huckstered window dressing." The people who are now and will be living in these homes will long remember that outrageous comment from the hon. gentleman.

Fifth, I say that the tight money condition, the unwise credit restrictions, the discouragement of capital works and investment, basic causes of the recession, would have continued and plunged us ever deeper into an economic decline. We would have continued with the highest interest rates in our history and a general scarcity of credit.

Sixth, there would have been no additional moneys made available for stepping up the program of public works and for national development.

Mr. Pickersgill: Where are they?

Mr. Bell (Carleton): The impact of these additional amounts upon the national economy would have been lost with disastrous results to the people.

Seventh, there would have been no additional assistance to the provinces. The old take it or leave it attitude would have persisted.

Mr. Habel: By telegram.

Mr. Bell (Carleton): By telegram. That is exactly what my hon. friend understands. He understands nothing else but that type of operation.

Mr. Habel: Take it or leave it, by telegram.

Mr. Bell (Carleton): I have observed my hon. friend in the house for a long time and I say he ought to have lived in the days of the sailing ships because he generates enough wind to blow a ship across the Atlantic.

Eighth, I say that the Atlantic adjustment grants would not have been provided. Those sections of our economy most in need of help would have been deprived of $100 million.

Ninth, there would have been no program of stabilization of agricultural prices and recession would have struck the farmers of Canada in a much more vividly pronounced fashion.

[Mr. Bell (Carleton).]

Tenth, the wheat surplus would have continued to pile up. Sales of wheat would have continued to decline and the amount in storage would have increased. There would also have been no trade or economic conference. The old policy of drift, the old policy of wait and see in relation to trade with the United Kingdom would have continued.

Mr. Pickersgill: No tariffs against the British.

Mr. Bell (Carleton): The old policy of diverting trade from the United Kingdom to the United States would have continued. Finally, I say that without the benefit of the new policies adopted by the present government unemployment would have mounted to figures at least double those which actually occurred.

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): As I have said, under the Liberal policies of credit restriction recession would have become depression. These are but a few of the consequences which might have occurred without a change in the direction of the fiscal, monetary and commercial policies of the nation. It was a change of government, a change from the principles of the last Harris budget, with which the hon. member for Kenora-Rainy River was so intimately connected, which saved this country from a major economic disaster. It was and is the realistic policies set forth in the speech from the throne and in the budget of last Tuesday night which will direct the paths of the Canadian people to greater and more challanging development, more challenging accomplishments and goals.

On Tuesday night the hon. member for Kenora-Rainy River said, in an attempt to catch the headlines, that the budget was a sick budget. Did anybody in the house fail to realize on Tuesday night that all the sick faces were on the opposite side? More properly the hon. gentlemen ought to have called it a physician's budget, a budget designed to heal the many ills to which this government fell heir from its predecessor. He claimed that it was a wait and see budget, a slow motion budget. What nonsense! Never in the whole history of our country has there been a government which has attempted so much in such a short time. Yes, never has a government moved so rapidly its objectives to accomplish.

Then the hon. member for Kenora-Rainy River used harsh words about the government respecting the projected deficit. He said this morning, I believe, that it was directly attributable to political commitments rather than to economic policy. What are

these commitments? Which of these commitments would he like us to abandon? What things has the government done involving financial outlays that he would seek to have undone? I think he should have told us that. I think hon. gentlemen opposite who speak later in the debate should tell us.

But, if I interpret my hon. friend correctly, and I think I do, if his policies were followed, certainly if his leader's policies had been followed, there could be no doubt that the deficit projected would have been at least $500 million more than what it is. How can he have it both ways? How can he manage, Janus-like, to face in both directions at the same time? Actually my hon. friend, I venture to suggest, resembles John Bunyan's great grandfather, "but a waterman, looking one way and rowing another".

No one denies that $648 million is an exceedingly sizeable surplus.

Some hon. Members: Surplus?

Mr. Bell (Carleton): Deficit, I am sorry. But it should cause dismay to no one. It represents 12.2 per cent of our total expenditure this year. There have been many times in our history, both under Liberal and Conservative governments, when the deficit has represented a very much higher percentage of expenditure.

To go back to 1909, if you will, to the great Liberal finance minister, W. S. Fielding, he had no concern over a deficit which represented 35 per cent of the total expenditure of that day. Nor had Mr. Dunning when his last budget before the 1930 election showed a deficit of 19 per cent of expenditure or when his first budget after the 1935 election showed a deficit of 14.6 per cent. Related to the gross national product, there have been many occasions when we have had larger deficits than that now projected. Nor are we alone in this country at this time with this particular problem. In the United States the best recent forecast indicated a deficit of between $11 billion and $13 billion, figures substantially higher on a per capita basis than that forecast in this budget.

But the hon. member for Kenora-Rainy River reserved his harshest strictures for the calculation of the amount of the deficit. In effect he alleged a type of juggling of accounts to achieve a bookkeeping deficit smaller than the actual one. He bases this upon the winding up or liquidation of the defence equipment replacement account. On Tuesday night he went overboard in alleging incorrectly that provision had not been made in the deficit figure for $190 million for the old age security fund or $70 million for the hospital insurance scheme, but that he corrected today. He did try, however, to bring in the C.N.R. deficit and other non-budgetary items although I am sure he is well aware from his experience that these have not been included in budgetary deficits on previous occasions.

But what of his strictures regarding the defence equipment replacement account? This account was nothing more than a bookkeeping kitty that the former government tucked away for convenient purposes to avoid parliamentary control of certain defence expenditures. At one time it was as high as $310 million. It is now $165 million. If the hon. gentleman suggests that the liquidation of the final balance of $165 million in this account distorts the budgetary position, then what does he say about the distortion when the former government reduced it by over $100 million? His argument, if it is logical and it is not, applies equally to the former government and he condemns his own colleagues by his ill-considered blasts in this respect.

I suggest to the house that there is no doubt that this account should have been eliminated several years ago. Indeed, at one time a former minister of finance ordered that it be liquidated within a period of three years. If his orders had been obeyed, what would my hon. friend have said? Would he then have charged the minister of finance with distortion, his own minister of finance with whom he served in such close relationship? Would he have charged him with distortion of the position? This government considered, in accordance with what is its universal policy, that parliamentary control of defence expenditures ought to be restored and that this bookkeeping device for circumventing parliament ought to be abandoned. It was, therefore, an honourable, honest course and was stated clearly, specifically and openly in the budget speech.

No one in the press gallery misunderstood, although my hon. friend may have done so. There was no concealment. The minister came right out in the open so that he who runs may read. I suggest this course was in refreshing contrast to the way in which previous ministers of finance were accustomed to tucking away $310 million in this account for the purpose of distorting the budgetary picture. What I want to emphasize is that this account has been a non-budgetary account used, however, by previous governments for budgetary purposes. This will be ended, and it will be liquidated as a non-budgetary cash requirement. The cash position of the government is not changed, but the position of parliament and parliamentary control over the expenditure is greatly changed.

My hon. friend spoke at some length about giving a quick, economic stimulus to our economy. How much additional deficit would he think would be required to meet his objective? Certainly, the election objective of his leader was tax cuts, both permanent tax cuts and tax holidays. This objective could be achieved in only two ways, either by substantially increasing the amount of the deficit or substantially reducing the amount of other expenditures. My hon. friend makes no suggestion today that would eliminate any of the major expenditures of the government. He has not told us, but I assume he would not want to go back to the $46 per month old age pension for which he and his minister of finance were responsible. I assume that there are no public works he would want to eliminate. I assume, therefore, that the only way my hon. friend would go about achieving the election objectives of his party would be by substantially increasing the deficit.

Would he tell us what would be a proper amount of deficit, under existing circumstances? Suppose my hon. friend were minister of finance today, what would his deficit be? What would he have done? Perhaps he could have some of his friends who sit around him tell us. In the recent election campaign the Leader of the Opposition (Mr. Pearson) definitely achieved an all-time record for election promises and commitments. It is strange that during the six weeks of this session he has not repeated a single one of those election promises, those election panaceas. The hon. gentleman repeated not one of them today, either.

Mr. Pearson: That does not happen to be true, but that is all right.

Mr. Bell (Carleton): I will establish that in just a moment. What did he promise? First, he promised a tax cut of $400 million. Then when that did not seem to be catching on, he raised the ante to $500 million.

Mr. Pearson: That is not true, either.

Mr. Bell (Carleton): I have the press clippings here if my hon. friend would like me to take the time to read them.

Mr. Pickersgill: Go ahead.

Mr. Bell (Carleton): The hon. gentleman has not denied either of these proposals. I have the press clippings here if the hon. gentleman wishes me to refer to them. He raised the ante to $500 million.

Mr. Pickersgill: Produce the evidence.

Mr. Bell (Carleton): It is on the record plenty of times. Here it is:

> Liberal Leader Pearson has boosted the ante on his party's tax cut proposals to "perhaps $500 million from the original $400 million".

[Mr. Bell (Carleton).]

This article is dated March 13, 1958.

Mr. Pearson: Who said that?

Mr. Bell (Carleton): This is Liberal Leader Pearson speaking, at least, I assume it is.

Mr. Pearson: From what are you reading?

Mr. Bell (Carleton): This particular clipping I have here is by a most responsible press gallery reporter, Clark Davey, and the dateline of the article is Port Hawkesbury, Nova Scotia. I believe this quotation has been used thousands of times, and the hon. gentleman has not denied it once.

Mr. Pearson: I have.

Mr. Bell (Carleton): When even the $500 million additional fell flat, what did he do? In a last desperate strategem, he promised an additional plan, a tax holiday. This tax holiday was to be for at least six weeks. Did the hon. gentleman not say that? Would he like me to read that to him, too?

Mr. Pearson: Yes.

Mr. Bell (Carleton): I will be glad to read that to him, but I am not going to be diverted from this speech. Personal income tax collections during the past fiscal year were about a billion and a half. A tax holiday of six weeks would represent, as a minimum, about $175 million. There would be possibly a total additional deficit, with what the hon. gentleman suggested himself during the election campaign, of at least $675 million, and I think I am putting it at a very modest figure.

What have we heard of this tax holiday? Have we heard it mentioned in this house since the session opened? Did we hear about it today? Has it been confined to limbo? What have we heard about the doubling of the marriage exemption allowance? The Leader of the Opposition promised the marriage allowance would be increased from $2,000 to $4,000 for the first three years of married bliss. I thought that was a sheer stroke of political genius. Would anyone in this house doubt that was the beloved brain child of the hon. member for Bonavista-Twillingate (Mr. Pickersgill)? I am sure the hon. gentleman will not deny the paternity of that. I said in the election campaign that the voice was the voice of Pearson, but the hand was the hand of Pickersgill.

At first I thought that this was an insult to the young women of Canada, that such an additional incentive to marriage should have been required. Then I was told that it applied equally to the first marriage or to the number of joys which apparently Tommy Manville has achieved. What would be the mundane life of a member of parliament with these anticipated tax exemptions as promised

by the Leader of the Opposition? For this great boon to the newlyweds, both new and renewed, apparently the hon. gentleman who leads the opposition ascribed a figure of $25 million. The experts with whom I have consulted disagree with him. They ascribe to this delectable proposal a cost of $100 million to $125 million, but I am unable to discover whether they are bachelors or whether they are widowers beyond redemption. I confess that my mind is so taken up with just the contemplation of the delights of these proposals that I cannot pay much attention to the beliefs of experts on this subject. After all, they probably would seek to controvert the well-known fact that two can live as cheaply as one.

The temptation to tarry on such a subject is great, but I must hurry on to what my hon. friend said on the subject of trade. Since this government was formed 364 days ago it has been subjected to a barrage from the heavy artillery opposite on its trade policies. No other subject seems to have so delighted the hon. member for Essex East (Mr. Martin) and the hon. member for Bonavista-Twillingate as the subject of trade. Whatever steps the government has taken, these hon. gentlemen have attacked the government. On no other subject have they ventured into so many inconsistencies; indeed, on trade the opposition in this parliament has been consistent only in its inconsistencies, and it has been given delightful leadership in that respect by the hon. member for Essex East.

Mr. Martin (Essex East): I ask my hon. friend this question. What does he think about the British proposal?

Mr. Bell (Carleton): I will tell my hon. friend before I am finished.

Mr. Martin (Essex East): Tell me now.

Mr. Bell (Carleton): I will tell my hon. friend what I think of his reaction.

Mr. Martin (Essex East): Tell me what yours is.

Mr. Bell (Carleton): I will tell you what I think of his reaction. In what he said he reminded me of the statement of Henri Bourassa that the only policy of liberalism is to have no policy and the only principle of liberalism is to have no principles.

Mr. Martin (Essex East): What is yours?

Mr. Bell (Carleton): Over the years hon. gentlemen opposite on many occasions have voted against the holding of a commonwealth trade and economic conference.

Some hon. Members: Rubbish.

Mr. Martin (Essex East): When?

Mr. Bell (Carleton): I will produce the evidence on another occasion.

Mr. Pickersgill: Produce it now.

Mr. Bell (Carleton): Year after year hon. gentlemen opposite voted against—

Mr. Pickersgill: Produce the evidence.

Mr. Bell (Carleton): I will produce the evidence on another occasion.

Mr. Pickersgill: You will not produce it because there is none.

Mr. Bell (Carleton): No one knows better than does the hon. member for Bonavista-Twillingate that the evidence is there. This party succeeded in having a commonwealth trade and economic conference called through the inspiration of the Prime Minister (Mr. Diefenbaker) and because of the Prime Minister's faith and the faith of this party in the commonwealth and its future as a political and economic force in today's world. Since that conference was arranged hon. gentlemen opposite have sought to play it down, to minimize it as much as possible. Did anybody ever see such glum faces as there were a week ago this day when the Prime Minister of the United Kingdom in this chamber spoke of the forthcoming commonwealth conference as working "a great advance in commonwealth co-operation in trade and commerce." Their faces were even glummer when Mr. Macmillan spoke of the remarkable results of the trade mission to Britain. By every means, direct and indirect, they have sought to minimize and destroy the effect of that mission. I quite agree that nothing has been more calculated to set the hon. member for Bonavista-Twillingate agiggling.

Mr. Chevrier: Why can we not get the report?

Mr. Pickersgill: What has it accomplished?

Mr. Bell (Carleton): No one should be surprised at these inconsistencies. I had hoped to take a little time to speak about some of the past record of hon. gentlemen opposite of the fact that they piled up the greatest trade deficit in Canadian history, how they piled up the greatest trade deficit with the United States and allowed it to rise to the astronomical figure of $1,280 million. Yes, Mr. Speaker, these were the men who were responsible for the shifting of our trade from the United Kingdom to the United States. They were responsible for the loss of our markets in the United Kingdom for our agricultural products. These were the men who sold the textile industry down the river, who sacrificed it on the altar of expediency and jeopardized the jobs of tens of thousands

of Canadian workers. That is the record that can be produced at any time.

I want to speak of the refreshing contrast to that record there is in what this government has done in under a year and, may I say, a year spent in an atmosphere which was almost entirely one of crisis and emergency. Our trade deficit with the United States has been reduced by one-fifth. Again this year imports have fallen off much more sharply than have exports. Our pattern of trade with the United Kingdom is moving quietly but effectively toward its former tradition. The convening of the commonwealth trade and economic conference, the trade mission to Britain, the reduction of the huge wheat surpluses are constructive, dynamic forward steps, the full import of which will make themselves felt in the coming fiscal periods.

Attempts have been made—and they are made in the Liberal amendment—to paint the present budget as moving towards greater trade restrictions. That is what the amendment states.

Mr. Pickersgill: That is what the budget says.

Mr. Bell (Carleton): By some it has been suggested that this marks a turning of our backs upon the principle of multilateral trade envisaged by GATT. In my opinion nothing could be further from the truth. The hon. member for Kenora-Rainy River says that the budget proposals went back to Bennett. I am one member who is not ashamed of Right Hon. R. B. Bennett, the man who saved this country from economic ruin. Some day I will take the time of this house to set the records straight. No hon. gentleman knows that better than does the Leader of the Opposition because he was an integral part of the policies which were propounded by the Bennett government. Yes, the hon. gentleman knows very well that that is true for he occupied a senior—

Mr. Pearson: May I ask the hon. member what he means by saying that I was part of the integral policies of the Bennett administration?

Mr. Bell (Carleton): I want to say this to the hon. gentleman. No member of the civil service of Canada played a larger part than did the hon. gentleman who now leads the opposition in setting policy or formulating and outlining policies for the then Bennett government. Everyone knows that to be so. It ill behooves him to deny it.

Mr. Pearson: May I ask the hon. gentleman whether he thinks that civil servants are responsible for the policies of the Canadian government?

[Mr. Bell (Carleton).]

Mr. Bell (Carleton): I want to say to my hon. friend that, so far as he is concerned, he was given a special status in the Stevens commission. He was given a status in various matters where his opinion was made known profoundly on the policies. As I say it ill behooves him to deny what I have now stated.

Mr. Martin (Essex East): Stevens left Bennett.

Mr. Bell (Carleton): Oh, yes. I can tell the hon. gentleman something in respect to that.

Mr. Denis: Talk about Sir John A. Macdonald.

Mr. Bell (Carleton): I do not know that there is much that I could talk about that the hon. member for St. Denis would understand.

Mr. Pickersgill: You can include the rest of us too.

Mr. Bell (Carleton): In a full year of office this government has taken no steps to give tariff or valuation protection to any industry except agriculture. Does my friend the hon. member for Assiniboia (Mr. Argue) object to that fact? With the exception of a group of miscellaneous tariff items in this budget, some of which involve small increases, but more of which involve duty reductions, and none of which have any major economic significance, all the tariff changes which have been made in this budget have been made on the recommendation of the tariff board. These tariff board reports, with one exception, were made at the request of the previous government.

When supporters of that former government say to us, as they have said today, that these tariff changes are restrictions on trade—and that is what the amendment says—what do they really mean? Are they saying that they would have declined to implement the reports of the tariff board on references which they themselves made? Are they admitting that these references were intended by them as purely dilatory tactics to get them over the embarrassment of dealing with these matters until after an election or what in fact does my friend the hon. member for Kenora-Rainy River really mean?

The changes which have been made are changes negotiated in accordance with GATT and in full conformity with GATT. Wool fabrics are in a class by themselves. The desperate condition of the textile industry after years of Liberal neglect compelled some action, the full nature and import of which was clearly set forth in the budget address. My hon. friend would weep crocodile tears for the British exporters. To what extent will they suffer from the increase that has been put on in this budget? My hon. friend

said that it would cast a chill on the conference. I have greater faith in the British people and greater faith in the commonwealth than to believe, as he does, that this would cast a chill on what I believe may be the greatest movement forward in trade that we have had in many a year.

I want to say a word in respect to the prospective amendments to section 35 of the Custom Act. My personal view is that Canada made a grave mistake in 1948 when she amended the then provisions of that key valuation section of the Customs Act. Bit by bit, under pressure from many parts of Canada—and nobody knows this better than does the hon. member for Kenora-Rainy River—the former government tried to restore some of the teeth in the former section. They did not succeed.

Mr. Speaker, I have no sympathy for any Canadian industry which cannot face reasonable and proper competition from imported goods. There is no use in having an industry in this country which has to be pampered and petted by excessively protective measures and which cannot face foreign competition on reasonable terms. But what this amendment is designed to do—as the Minister of Finance has outlined—is to eliminate foreign dumping. Surely there is no member of this house who wants Canadian industry, Canadian workmen, yes and Canadian agriculture, to be compelled to compete with foreign goods sold at less than their cost of production plus a reasonable amount for selling costs and profit. Yet, that is what my hon. friend the member for Kenora-Rainy River appeared to say this morning.

If preventing goods from entering Canada at less than their cost of production, thereby destroying the jobs of Canadian working men, is protection, then as far as I am concerned I am for that type of protection. As long as I have a vote in this house I will not vote to compel Canadian working men to compete with foreign dumped goods.

I have taken a substantial length of time on trade and tariff matters, but for that I do not apologize because the next few months will be critical and crucial ones for this nation's trading future. I believe it is the hope of all hon. members, wherever they sit in this house, that those who will assemble in Montreal on September 15 next for the great commonwealth trade and economic conference may have the wisdom and guidance to enable them to bring about a successful conclusion to that conference, one which will be advantageous to all nations.

(Translation):

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I have the honour of representing in this house the great riding of St. Jean-Iberville-Napierville. Therefore I would like to stop a minute or two at the very beginning of my remarks, to recall to hon. members the memory of the Hon. Alcide Cote who for many years was member for that riding before being appointed postmaster general on February 13, 1952. Unfortunately, the Lord deprived us too soon of his many loyal services not only to the riding he represented, but to the country as a whole.

Mr. Speaker, before tackling the budget introduced by the Minister of Finance (Mr. Fleming), I would like to stress a particular fact which is of interest to the riding I represent in this house.

You are aware that the Liberal party which guided this country's destinies until June 1957, had endowed St. Johns with a development that we had earnestly wished and that we highly appreciate; I refer to the Royal Military College of St. Johns. However, Mr. Speaker, I would be remiss in my duty if I did not seek redress on behalf of the cadets now attending that college. Mr. Speaker, we have three military colleges in Canada and you know that at Kingston a cadet who begins his studies there is allowed to finish them at that college. Now, it is different in the province of Quebec where we are facing a situation that should end at once; that of having French-speaking Canadians start their course at St. Johns and then having to expatriate themselves to Kingston to finish their studies and obtain their diploma. It is a flagrant injustice and that is why I rise today to claim justice on behalf of our French-speaking fellow citizens.

Very often, French Canadians who have been getting high marks in their final exams at St. Johns are seriously handicapped when transferred to Kingston to finish their studies, frequently because of their inadequate knowledge of English. I am pointing out this injustice and I know that the Minister of National Defence (Mr. Pearkes), who was in St. Johns recently, will look into the matter in so far as his responsibilities warrant. Mr. Speaker, I want to make it clear that if justice is not done, I will rise in this house as often as necessary to claim equal treatment at Kingston for the young French Canadian graduates of the *Collège militaire royal de Saint-Jean.*

The Budget—Mr. Dupuis

Mr. Speaker, I would now like to congratulate the hon. member for Kenora-Rainy River (Mr. Benidickson) on his scathing and forceful rebuttal this morning, to the first budget speech of the Minister of Finance. The other evening, all eyes in this country were turned on the Minister of Finance. It was the first Conservative budget since 1935 and, as you will see in a moment, Mr. Speaker, it does indeed deserve the name "conservative", for it stuck to some old practices of previous Tory governments.

Mr. Speaker, the Minister of Finance was one of those who, until 1957, were financial critics of the opposition. I would not like to go over all the statements made by the Minister of Finance when he sat on the opposition side. He was often vehement, sometimes sarcastic and seldom clear. I will limit myself to one extract of a statement from the Minister of Finance, who, speaking in the name of the opposition in March 1957, and addressing himself to the Liberal government, said:

> He has debased and humiliated parliament which has become the pawn of the government and its friends. He has crushed under a heavy taxation burden the population of Canada which this year will have to pay an unprecedented amount of taxes.

Well, Mr. Speaker, those words of the Minister of Finance when he was in the opposition would apply very well today to the present government. You will remember, Mr. Speaker, that the then financial critic of the opposition blamed the federal government for taking what he called the lion's share in the tax field. And you will remember that some premiers of the provinces united their efforts with our present Minister of Finance to claim their fair share of the tax fields in this country. You have heard the premier of Ontario, and the premier of Quebec complaining loudly of injustice, misunderstanding and inadequate funds to administer their provinces.

I still remember the voice of the premier of Quebec when I was a member of the provincial legislature. Every day he used to say to the Liberals in the opposition: "Tell your friends in Ottawa to stop taking 73 cents out of every tax dollar, leaving us only 27 cents to administer the provinces and the municipalities!"

An hon. Member: There's a real punch!

An hon. Member: There's a fine speech, for you!

An hon. Member: A very, very telling point!

[Mr. Dupuis.]

Mr. Dupuis: Well, Mr. Speaker, today I ask those who wish to interrupt me that they kindly ask their friends to return to the provinces what is rightly theirs and is being refused to them under this budget.

The sacred Frost-Duplessis-Diefenbaker union has given a show which today has but pitiful results. And now we have heard the Minister of Finance who, for years, flailed the Liberal regime, came out for balanced budgeting and every year, in the budget debate, indulged in such solemn promises as: "bring us to power and we will settle that ourselves".

Well, the people of Canada have returned the Conservatives to power. It has been said in this house and elsewhere that the present government was put into power because of the vision of a great man. So, the people of Canada expected a great change, a great deal of good from the promises made by our friends opposite, and it is finding out today, not only that the Prime Minister had visions, but that the people itself also had visions in believing that the government would do it justice.

Mr. Speaker, we have—

An hon. Member: The hon. member has obsessions—

Mr. Dupuis: Does anyone wish to ask me a question?

Mr. Parizeau: I said the hon. member has obsessions.

Mr. Dupuis: Mr. Speaker, I would beg my hon. friend to allow me to finish my speech. Should he wish to have his own obsessions, he may take time out to have them. I wish he would let me finish my speech.

Mr. Speaker—

Mr. Deputy Speaker: Order. I would ask hon. members to allow the hon. member for Ste. Marie to finish his speech.

Mr. Dupuis: On a point of order, Mr. Speaker. I represent the constituency of St. Jean—

Mr. Deputy Speaker: I beg your pardon. The hon. member for St. Jean-Iberville-Napierville has the floor.

Mr. Dupuis: Mr. Speaker, I am glad you have mentioned the constituency of Ste. Marie; I am not ashamed of it; it is one of the finest in the province.

Mr. English: You could not manage to get re-elected there.

Mr. Dupuis: Frankly, I was not resorting to the electoral methods of the Union Nationale. Since you indulged in petty politics as deputy minister of colonization in the Quebec government, you should be the last one to raise your voice here—

Mr. English: Mr. Speaker, I never was deputy minister of colonization. The hon. member should brush up on his history; he would then learn that I was, at the time, deputy minister of game and fisheries.

Mr. Deputy Speaker: Once again, I would beg hon. members to kindly let the hon. member for St. Jean-Iberville-Napierville go on with his speech.

Mr. Dupuis: Mr. Speaker, when we probe this budget and think of all the election promises made during the last campaign—

An hon. Member: By the Liberals.

Mr. Dupuis: —we notice quite a difference. We had been promised substantial tax cuts—

An hon. Member: They were cut.

An hon. Member: Mr. Pearson had promised them too!

Mr. Dupuis: But then he would have done so.

They had promised to take care of such problems as those of the small wage earner, unemployment and federal-provincial relations.

Now, what sort of budget have we got? Mr. Speaker, while there is need in this country, we are presented with a budget which I would call funeral budget, i.e. a lower tax on cut flowers, a permissible deduction of ambulance costs, and a tax rebate on rat poison. That is what the Minister of Finance is submitting to us in a period of emergency.

Mr. Ricard: Remember bubble gum?

Mr. Dupuis: This budget also shows up what I would call an inflated and pointless love for England.

Mr. Speaker, I would like to remind the Minister of Finance that, in his past speeches, which, as a matter of fact, I have studied very carefully believe me, he often referred to French history. Now, you remember, Mr. Speaker, and the Minister of Finance too will remember, as he knows French history so well—that Marie Antoinette when she was told that the people of Paris were pressing round the palace gates, replied: "What are they growling about? Let them eat cake!"

Well, Mr. Speaker, we are living these times over again. We have, at the gates of parliament hill, unemployed people, farmers, provinces, asking for a fair deal. And the Minister of Finance replies: "What are they growling about? I've just reduced the sales tax on rat poison." Mr. Speaker, some people think problems can be solved in that way.

In 1957—

An hon. Member: Now, that was pretty good!

Mr. Dupuis: Good enough to be member for St. Jean-Iberville-Napierville for much longer than my hon. friends would like.

In 1957—of course I again revert to the last Liberal budget—when my hon. friend—

An hon. Member: Look out for bubble gum!

Mr. Dupuis: —when my hon. friend was financial critic—

At least, bubble gum is of some use to some people, whereas I do not know that rat poison is.

An hon. Member: The Liberals can use it.

Mr. Dupuis: Mr. Speaker, the Minister of Finance, then financial critic for the opposition, stated in 1957 that the Liberal surpluses were shocking. He estimated at $382 million the surplus that the Liberal government had actually accumulated for that year and said: "Why not divide up the $152 million surplus forecast by the government among the provinces?" That was easy for him to say, Mr. Speaker, speaking as a Conservative financial critic at the time of the Liberal government. It was no hard task to ask for the surpluses to be divided up among the provinces because, under a Liberal administration, there were surpluses. At that time, Mr. Speaker, Conservative leaders, Tory leaders, Union Nationale leaders, call them what you will, in the various provinces aligned themselves with the present Minister of Finance, in the hope of obtaining their fair share of federal government surpluses. However, at this time, much to their discomfiture, they understand and will find that they will necessarily be forced—to use a redundant phrase—necessarily forced—

Some hon. Members: Oh, oh.

Mr. Dupuis: Some hon. members find this a laughing matter. But Mr. Duplessis generally speaks that way in Quebec. The provincial governments will necessarily be obliged to share not a surplus, but a deficit which is well on the way to reaching one billion dollars.

Mr. Speaker, the great man has had a vision, a vision based on the promises made by the present government when it was sitting in opposition. We are back to the dark days of Conservative regimes and I am very sorry for my hon. friends opposite. This is hurting them, as I well realize. I would not like to be in their shoes. However, when Conservatives are in power we have depression: For instance, under the Borden administration, we had the depression, unemployment and difficulties, and the same under the Bennett regime. On the other hand, under Liberal administrations we had unprecedented surpluses, unprecedented prosperity. And now, we have just had the first Conservative budget since 1935 and we are on the way to a deficit of one billion dollars.

Why were so many promises made? Why so much criticism? Why were they professing to be the champions of all classes when at present the government is protecting no particular class of society. No solution is found to the problem of unemployment or to the problem of trade relations with the United States. No solution is found to the urgent problem of agriculture, to the problem of small wage earners.

Mr. Speaker, we have before us a budget that is absolutely worthless at this time. We, Liberals, were the only ones to give this country social legislation; I said at the beginning of this session and I now repeat that the Liberals have been dismissed from power no doubt through a natural need of every human being for a change but, as soon as the change was made, all the citizens of this country were disillusioned and, at this time, I would rather represent the people of the constituency of St. Jean-Iberville-Napierville from this side of the house because I am sure that, after four years of a Tory-Conservative government, the people will bring us back to power for 25 years, to restore the economy of our country.

Mr. Speaker, the old age pension, the pensions for the disabled and the invalids, as well as the family allowances, are social measures which were enacted by the Liberal party. The Unemployment Insurance Act, which now saves the life of our friends opposite, was also enacted by the Liberal party. When, Mr. Speaker, I see these people boast about a $9 increase of the old age pension, under an act which they consistently opposed in the past, I cannot help laughing.

But, in fact, what are they doing now? In the province of Quebec they promised to raise family allowances. They have not and will not do so. It was a Liberal government which upheld in this house the cause of large families and it was a Liberal government which enacted the Family Allowances Act while the Conservative leader of that time, Colonel George Drew, said that they were a "baby bonus" for the province of Quebec.

Mr. Speaker, this budget does not settle any problem. In fact, it makes the situation worse. I would therefore echo the words of the former financial critic of the opposition who, in 1957, said that the government had neglected basic necessities in favour of other goods which were not necessary. As stated in the Holy Scripture, Mr. Speaker: "The tree is known by his fruit".

A moment ago the hon. member for Carleton (Mr. Bell) said: "Never has a government done so much in such a short time." True enough, Mr. Speaker, never has a government managed to build up such a deficit in so short a time. I will grant them that.

Urgent measures are required to solve unemployment in my area. There was talk this week of turning the Richelieu river into a seaway, an undertaking which would help solve the unemployment situation, which, at this time, is showing no improvement whatever.

From the agricultural point of view, many farmers in our area are complaining that our market is being flooded with American potatoes. I ask the present government to raise the customs duties on American potatoes, at least from July to September of each year, so that our Canadian producers may market their product before having to face competition from American producers, which is not as serious in the other months of the year, because of the milder climate in the country to the south. I therefore ask on behalf of our farmers the immediate raising of the customs duties on American potatoes so that never again shall we have to see warehouses where, each year, a tremendous quantity of potatoes are left to rot. I will now conclude my remarks—

Some hon. Members: Hear! Hear!

An hon. Member: That hurts.

Mr. Dupuis: When I begin speaking, they are jittery; and when I finish speaking they are more jittery still. They might as well get used to it, because I will be on my feet pretty often to deal with the problems facing the Canadian people in general and the needs of my area in particular.

Mr. Speaker, before concluding, I would ask the hon. members opposite—or more exactly those gentlemen who sit to my left, those who were elected under the Conservative ticket—I will not say under the Union Nationale ticket, because that is embarrassing to them—but to those who were elected as Conservatives in Quebec during the last federal elections, to remember that in all their speeches, in every corner of the province, they were most emphatic in claiming justice for provincial governments. However, since they have been sitting here, in this house, we have not heard any request on their part of fair treatment for provincial governments. Indeed, we no longer hear them talk of this problem which, in the last election, they pointed out as being of paramount importance. They keep silent on this problem, which they raised themselves, but they keep shouting to prevent a member of this house from speaking the truth, and it hurts them when the finger is put on this sore.

Mr. Ricard: But we have had $19 million.

Mr. Dupuis: They said everywhere and particularly in the province of Quebec that the federal government was not doing justice to the provinces. Well, let them now ask the Prime Minister to convene a federal provincial conference, as he promised he would, and let them make the claims they made in the past; let them claim justice for the provincial governments here in this house. Let the hon. member for St. Hyacinthe-Bagot (Mr. Ricard), who just resumed his seat, show some spunk and forget for a minute his ties with the Union Nationale, and defend the interests of the people of the province of Quebec and of the people of Canada as a whole.

(Text):

Mr. G. M. Stearns (Compton-Frontenac): Mr. Speaker, following so closely upon the brilliant speech of my colleague, the hon. member for Carleton (Mr. Bell) and the equally dynamic speech of the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) which dealt with cut flowers, rat poison and the province of Quebec I am afraid the poor words which I will speak in the next few minutes are going to sound like a cap pistol being discharged following the sounding of a 21-gun salute. Nevertheless my words will be sincere.

As this is the first occasion I have had the honour to rise to speak in this house I would like to congratulate Mr. Speaker upon his re-election to the high post which he fills. To a new member of parliament it has been and is extremely comforting and encouraging to watch him perform his daily duties so wisely and in such a pleasant manner.

To you, Mr. Deputy Speaker, and to the hon. member for Spadina (Mr. Rea) I wish to say I am both pleased and proud of the manner in which you maintain and preserve good order in the house.

As an English-speaking member from the province of Quebec I wish also to say how pleased I am at the recent appointment to ministerial rank of my two good friends, the hon. member for Lotbiniere (Mr. O'Hurley) and the hon. member for Labelle (Mr. Courtemanche).

(Translation):

Mr. Speaker, it is an honour for an English-speaking Canadian to have been chosen candidate in a constituency whose people are 75 per cent French-speaking. I can assure you that I was not chosen because I speak French well. You can readily realize that I speak this language with great difficulty. Therefore, I was not chosen on the strength of my ability as a speaker, I never was one, neither in French nor in English. I was chosen by the whole people of Compton-Frontenac which is a constituency of the eastern townships.

I appreciate French-speaking Canadians as much as I do English-speaking Canadians. I take advantage of this opportunity to thank all the electors who put their trust in me. We English-speaking Canadians of the province of Quebec are able to live in full harmony with our French-speaking fellow-citizens.

(Text):

About a week ago, I read an article in one of the Ottawa papers in which the writer referred to the quality of the speeches made during the debate on the address in reply to the speech from the throne. The writer apparently took a dim view of those speeches. I think it is a pity that he did not wait until today because he would have had a better foundation for what he said than he had then. I enjoyed what I heard during that debate. The writer went on to say that he did not think newly elected members to parliament should confine their remarks to subjects concerning their own constituencies but that once they had come to Ottawa they should try to speak on subjects of interest to the whole country. I do not agree with that view because the only way this country can continue to be fairly governed is to have the problems and ideas of each of the 265 members presented to the house. The government can then sort them out, adopt those that are ready for adoption, discard those which are of no use and put the balance in a little pile on the

shelf. As time overtakes these projects our friends of the C.C.F. group will see their ideas fulfilled.

I should like to say a few words about matters concerning my own constituency. I want to thank the government for the measures it passed during the short session of the last parliament which were of great benefit to the people of my constituency as well as to people all over Canada. I want to thank the government for extending the period of seasonal unemployment insurance benefits because I know for a fact that it did a tremendous amount of good in a small town in my constituency where the only industry had closed its doors forever.

I wish to thank the government for having started work on the Sherbrooke airport. I understand that the government intends to spend $4 million there during the next two years. This will provide a great number of jobs and in the future will result in interest on the part of a large number of industries in building factories close to the airport. Hon. members may ask why I am interested in the Sherbrooke airport. The reason is that all the land comprising the airport is in the county of Compton. My constituency is composed of the counties of Compton and Frontenac and it is significant that the two great races of our country live there side by side. The origin of the name "Compton" is lost in antiquity but it is believed to have been the name of a famous Englishman. As to the name "Frontenac", it is easily remembered as being the name of one of the great governors of New France.

The constituency consists for the greater part of small farms and some woodworking industries. The farmers cannot grow enough crops in the summer months to make a living so they turn to the woods in the winter time. When there is not sufficient work in the province of Quebec they go across the line to the states of Maine, New Hampshire or Vermont. If they work in Vermont all winter they are entitled upon their return home in the spring to draw unemployment insurance benefits in the province of Quebec because Vermont has a reciprocal agreement with Canada. Up to the present time neither the state of Maine nor the state of New Hampshire has been willing to enter into any such agreement. I suggest that the government keep on trying to convince the governors and legislative bodies of these two states to enter into reciprocal agreements so that our people working over there may be treated just as fairly as any United States citizen who happens to be working in the same camp.

Still on the subject of our farmers, I should very much like to see pulpwood brought under the Agricultural Stabilization Act. In the first place, it might keep more of our farmers at home in the winter time if they had a winter crop which they knew they would be able to sell at a predetermined price. But most important is the improvement which would result in the quality of the pulpwood produced by the farmers if they had to follow standards and specifications laid down by the government in order to be protected by the floor price. The paper mills would certainly be prepared to pay a little more for the pulpwood if they could be sure that it was going to be usable when it got to the mill. At the present time almost anything is delivered to the paper mills of which there are three in the eastern townships. The wood is all mixed up and the companies buy it but they do not like it.

In the eastern townships we have 63 4-H clubs. Our 4-H clubs in the province of Quebec differ greatly from those in other parts of Canada and the United States where the emphasis is on dairy farming and crops. We cannot do that so well in the province of Quebec so our 4-H clubs are formed and maintained to teach the children forest conservation and to plant trees. We hope that as they grow up they will establish tree farms so that they will have a crop that they can sell in nearby markets during the winter. But it costs money in order to plant trees and protect them from disease and fire. Up to the present the farmers have not been able to afford to do very much about it. Some of the small forest industry companies give them trees and help them to get started. I know of one small company in the county of Frontenac that has been responsible for the planting already of over six million trees.

Having spoken about local problems, I should like to say a few words on the budget which has been brought down. I want to congratulate the Minister of Finance (Mr. Fleming) for his courage in presenting a budget which is so realistic and in keeping with the difficult period from which we are just emerging. It is human nature to want to please as many people as possible and a give-away program would have been much more agreeable to present. However, I have never felt that the Canadian people really expected to obtain any more than they did in the present budget. I say this because up to March 31 the Liberals were offering the people a very nice immediate tax cut of $400 million. If the voters had wanted it that way, they would have voted for the Liberals. The Liberals would have been re-elected and the present estimated deficit of $648 million would have reached over $1,000 million.

One of the great difficulties in connection with manufacturing goods today is the rapidity with which they are produced. If industry could only be geared to operate efficiently at about 80 per cent of its capacity, inventories would not tend to pile up so fast when there is a lull in demand. I am hoping that one lesson we will learn from this recession is to explore the possibility of providing full employment for the labour force we have now. I hope also that management and labour may work closer together so that we may never see the frightening day when our Canadian goods will be priced out of the markets of the world.

I do not believe that the small increase in the tariff on textiles will drive our friends away from our markets. I sincerely hope that the anti-dumping clause will put new life into this industry which has been depressed for so long. So far as lumber is concerned, I am happy that the recent difficulties of definition of planed lumber have been resolved. I am hoping to live to see the day when all tariffs and duties will have been removed from lumber which passes between the United States and this country. The right given to corporations to increase their donations for charitable purposes up to 10 per cent is a step in the right direction. It ought to help our hospitals and universities a great deal, but it might not be enough. If this proves to be the case, I hope our government will increase the allowance to 15 per cent of income or more. I hope the day never comes when our universities become state institutions because of a lack of support from corporations and private individuals.

In conclusion, Mr. Speaker, I wish this parliament, so well endowed with youth, and I include Conservatives, Liberals and the eight youthful looking members of the C.C.F. who are not present at the moment, a most fruitful session to the benefit of Canada.

Mr. Alexis Caron (Hull): Mr. Speaker, may I be permitted to express my views on the budget which was presented last Tuesday by paraphrasing a bit of a poem. "Something new, something blue", and I would add, "God, what a stew." As a matter of fact, it was something new. This was the first budget to be presented in two sessions of this parliament. The session last year was called to deal with matters generally, and at that time the minister did not dare bring down a budget. Oh, he brought in some changes, some cuts in taxes. I really believe he made a mistake because if he had introduced a budget last year with tax reductions amounting to $178 million and the increased pensions, it would have been presented to the people on the eve of the election in a very favourable light.

However, the minister preferred not to present a budget. He introduced one this year which is really very blue. There is nothing in it to help the situation in which we find ourselves. Really, I would say it is a gloomy budget. I said that it was some kind of stew because the minister spoke a lot of words for over two hours, but nothing emerged to help the Canadian situation.

(Translation):

Mr. Speaker, during this budget debate, we are called upon of course to criticize the Minister of Finance (Mr. Fleming) for his presentation. Yet, knowing that there is nothing which is essentially good or essentially bad in this world, I take the liberty, at the outset of my remarks, to offer him my congratulations. I congratulate him for having been kind enough, for the first time in the history of Canada, when he presented his budget, to add a few sentences in French so as to show clearly that he recognized the bilingual character of Canada. It reminded me that I read the other night in the *Sentinel* an article entitled: "Says bilingualism unrealistic," published by Rev. John Douglas, of Paisley Memorial United Church, and I quote:

(Text):

Like most of what is said in support of bilingualism in Canada it shows, to my mind, lack of logic and realism. No real argument is presented.

(Translation):

He terminates the article as follows:

(Text):

Let us ask ourselves why we should be bilingual, and what real benefits there are and we shall see that only in special cases is it worthwhile.

(Translation):

That is why I should like to congratulate the hon. minister for clearly demonstrating that he recognizes the bilingual character of our country. His French is very good and we accept it with pleasure. I would like to congratulate also—but it will be in his absence—the Minister of Justice (Mr. Fulton) who, on two occasions—in Hull some time ago and in Montreal last Sunday—gave in good French some explanations about his opinion on obscene literature in Canada. Those two hon. ministers showed that articles such as the one to which I have just referred and which was printed in the *Sentinel*, are written by a minority of narrow-minded people who do not seem to have a true understanding of our country's problem. I think that this is a bad thing.

While I was a member of a delegation of the Canadian parliament to NATO, I found that among the fifteen countries represented there, most Europeans spoke perfectly in at

least two languages. The Belgians spoke from two to four languages; those from Great Britain spoke French and English to perfection. Unfortunately, English Canadians and Americans alone were unilingual, speaking only English. If, in the past, we had better understood the advantages of a twofold culture, there is no doubt that our representation abroad would have been in a more favourable position. Again I commend both hon. ministers.

(Text):

The other day I was reading *Hansard* for 1955, and I found these words spoken by the Minister of Finance (Mr. Fleming), and they appear in volume III, page 3392:

> After the closest examination of the budget and of the minister's comments upon it, one can only conclude that this budget is the product of muddled thinking, confusion, indecision and fear on the part of the government to admit the existence of problems with which the taxpayers and the people of this country are all too familiar. It was therefore highly proper that *The Economist* in its issue of April 19, in a letter from its Ottawa correspondent, should make this observation upon the budget:
>
> "On the assumption that Canada needs some stimulus to get back to its proper rate of expansion after last year's modest setback, this financing of tax cuts out of deficit is easily defensible. The budget speech in fact made it perfectly clear that this was the intention. But the government refuses to say so explicitly. It has never admitted that anything was wrong with the Canadian economy that required artificial stimulus, and it will not do so now. It would rather do good by stealth. The result is to leave it without any logical defence of the plunge into deficit financing."

Could you find anything more realistic at the present time? I think we could have taken the whole speech of the present Minister of Finance (Mr. Fleming) criticizing the budget of the Liberal party and it would be a speech that would be up to date after the budget we heard presented by the minister last Tuesday. As reported at page 3392 of *Hansard* he went on to say this:

> It is true that in the house, constituted as this one is at present, the government wins the vote. But it is equally true that in relation to the kind of budget we are discussing here today the opposition wins the debate. But what of the people? The Canadian people from this budget will glean but little benefit but they will glean something of benefit from the debate in which the proposals of the government are examined.

It is perfectly true that the people of Canada will not get very much out of this budget. But after the discussion is over they will certainly have a clearer knowledge of the situation in which Canada is at the present time. One of the problems that the present government did not want to recognize and which it refused to admit last year was the problem of unemployment. When in October 1957 the Liberal party and the rest of the opposition were telling the ministers that it was dangerous to go on in the way we were going, that unemployment was increasing every day and that they were not doing anything about it, the Prime Minister said at the time that the Liberals including our leader—and he especially mentioned our leader—were grossly exaggerating the situation, and this statement appeared in the *Citizen* of that day. It is true that unemployment has been recognized since that time but the government waited so long to recognize it that unemployment was given a chance to increase to a figure which the Canadian people had not been accustomed to since the crisis of 1930.

In the budget the minister admits—he admitted it the other night—that there was a slackening in the economy. I believe those are his words. In a speech made outside the house the Prime Minister said that in order to avoid recession and to create work he would not stop at any financial obstacle. But at the present time we have unemployment and it is still going on, and nothing is really being done to help the situation or to create a new economy so that everybody in this part of the year, the summer of 1958, will enjoy a share of work in this country. Instead of admitting the fact that unemployment exists; instead of admitting it clearly, as he stated in 1955 when he was blaming the Liberal party, the minister said the other night that there are more men at work in these months than there have been in any previous years. Nobody will refuse to admit that fact.

Certainly there are more men at work because the population has increased but the problem is that there are thousands and thousands of people not receiving anything from the unemployment department because their stamps are through, because they are not eligible for one reason or another. But those people are starving at the present time and the government is not doing anything to help them. I think of a doctor who is taking care of a sick person going into a hospital and for whom the only remedy he can find is to tell him that there are millions of millions of people on the street who are healthy and that he is one of the few in the hospital. Would such a remedy cure that person? That is what the Minister of Finance was doing in his budget last Tuesday. I come back to the opinions expressed in 1955 by the present Minister of Finance in criticizing the Liberal government. They are to be found in volume 3, page 3396 of *Hansard*. The minister said this:

> The second problem which has been ignored by the government is the problem of unemployment.

That is what he said then.

> This problem has been discussed at length in this session, or I would seek to go into it at greater length today. But let me content myself, in this limited time, with making this limited observation

on the subject, that the government throughout this session has observed a conspiracy of silence in regard to unemployment;—

This can be said for today.

—and it has carried that conspiracy of silence into the budget.

That can be said for today.

It is still running away from the problem of unemployment.

This can be said for the budget of today.

This budget does not meet, in fact it cannot even make the pretence of meeting or even assisting to meet, the problem of unemployment. The government is still running away from that problem; they hope to ignore it.

That is what we can say today; we can say what he said at the time when he was criticizing the Liberal government. If I may go a little further, on page 3396 in the same volume we find him reading a quotation of what Mr. St. Laurent had said outside the house. The quotation is as follows:

We have a country where there should be work for everybody and if we are not smart enough to organize the economy of the nation to provide work for everybody we are incompetent.

The present Minister of Finance said at the time:

And we say to the Prime Minister, "Out of thine own mouth hast thou condemned thyself, and not only thyself, but condemned thy colleagues as well".

If there is anything true it is this. If we transport those phrases pronounced by the Minister of Finance when he was on this side of the house in 1955, that is exactly the situation today. I think he was trying to prophesy then what would come about today if he were in power. He said this:

This is a problem that is national in scope. It is beyond local responsibility. What we want on the part of this government, and what we still look for, are employment measures, some constructive and some effective approach to meeting the deterioration in the economic condition and the unemployment situation in Canada today.

Is there really anything being done with respect to public works in order to help anybody? The Montreal *Gazette* of February 19, 1958, reported that the Prime Minister (Mr. Diefenbaker) announced on February 18 expenditures by government departments and agencies on works projects totalling $280 million during the first quarter of 1958 and $1,185 million for the full calendar year.

The other day we studied the estimates of the Department of Public Works, but what did we have in those estimates? They were pretty nearly all concerning things started by the Liberal government, in fact all the big things were commenced by that government. Where is this expenditure of $1,185 million? The government seems to think it is doing a lot to help unemployment, but we cannot find any evidence of this.

We find instead a deficit which would be quite understandable if anything was being done to alleviate unemployment, but a deficit when nothing is being done along these lines is, in my opinion, due to maladministration of the affairs of the country.

I said in this house a few weeks ago that in the city of Hull 51 per cent of the unemployed were not receiving any unemployment benefits at all and the city itself has to accept responsibility in order to keep such people from starving. But, as the present minister said in 1955, this is not a problem for the local government, it is a problem for the federal government. Local authorities have no powers of taxation whereby they can obtain the money to help the unemployed. At the present time such people are being given a few dollars a week in order that they may have something to eat but they are not able to pay their rent and as a result may be thrown out on to the streets.

Mr. Nasserden: Would the hon. member state what tax he proposes might be used to take care of the situation?

Mr. Caron: I am merely proposing that the government should stand by the promises made during the last election, when they said they would help the unemployed.

Some hon. Members: Hear, hear.

Mr. Caron: This they are not doing at the present time.

Mr. Nasserden: But what tax does the hon. member propose should take care of expenditures of this kind?

Mr. Caron: That is the problem of the government. When we are in trouble we do not mind a deficit provided such people are assisted, but when nothing is being done to help them that is a different matter. Our cities are in a very bad position; they cannot obtain the money to help them carry that burden. In the city of Hull, for example, expenses in respect of public assistance totalled $180,000 in 1953-54; in 1957-58, $480,000; and it is not fair for a city to have to spend such a sum. There is no sense in this situation—such expenditures are much too high for the municipalities and the government which promised it would help the municipalities has not yet done anything. Furthermore, they do not seem willing to do anything; they do not even try to do anything. All we can find in the budget are a few small reductions in the sales tax which will amount, as the minister said, to a total of $5 million.

Mr. Fleming (Eglinton): The figure was $6 million for a full year.

Mr. Caron: Not for the municipalities. The minister said $5 million for the municipalities.

Mr. Fleming (Eglinton): Oh yes, that is right.

Mr. Caron: When we divide that $5 million among all the municipalities of the country each one will get a peanut.

Mr. Fleming (Eglinton): It will be $5 million more than they would have had if there had not been a change of government last June.

Mr. Chevrier: They cannot take it.

Mr. Caron: The municipalities have a heavy load to carry. We thought the Prime Minister would live up to his promises. The Montreal *Gazette* of February 8, 1958 reported that the Prime Minister on February 7, 1958 said he planned to call an informal federal-municipal conference in 1958 to discuss the financial plight of Canadian municipalities.

On February 26 the Montreal *Star* reported the Prime Minister as follows:

> He also indicated prompt action on holding an "informal" meeting between the federal government and municipal representatives—he said it would occur after the election—to hear municipal views on their financial problems.
>
> Such a meeting, he said, would allow the federal government to draw up proposals to present to the next federal-provincial conference for easing "excessive" municipal real estate taxes.

These are not my promises; they are the promises of the Prime Minister and his government. In the Ottawa *Journal* of February 26 the Prime Minister is reported as saying:

> Mr. Diefenbaker announced that he proposed to call a federal-provincial-municipal conference in the near future. He recognized that the municipalities come under the jurisdiction of the provinces, but saw advantages of having them represented at an informal conference which would give them opportunity to put forward their own proposals and to explain their needs. Out of such a conference, he said, might come some plan to ease the "excessive" municipal tax burden on real estate.

Then there is a further translation I would like to quote from *Le Droit* of February 26, 1958, as follows:

> Mr. Diefenbaker stated that the government understands the difficult financial position of the municipalities of the country. "We shall see to granting them a reasonable share of taxes", he said, "so that they will be able to meet the new needs arising from their rapid growth."

According to the Prime Minister the question of division should be studied by the governments concerned, but his government is said to be ready with a plan for municipal aid in the light of such a study and the recommendations of the provincial governments. Those are the promises and the government is still making promises; but what do we get today? We get the same old promises. Nothing is being done for the municipalities who are asking for aid from the government. We need a source of employment and the government is able to provide that source right away. The municipalities have all kinds of projects ready and the only thing they lack is money. They are unable to get money on the market today at a fair price, and one thing this government could do is to lend the municipalities the money they need for their projects at an interest rate comparable to the one paid by the federal government on today's market. This would ease the difficulties of the municipalities.

An hon. Member: Who brought in the tight money policy and cut off the availability of money?

Mr. Caron: I would refer the hon. member to the governor of the Bank of Canada. He might be able to give you a good answer to that question.

An hon. Member: It would be better than yours.

Mr. Caron: The hon. member seems to believe what was said by the Minister of Finance, but let me tell him this: the Minister of Finance is often off the beam, and I showed that when I was showing what he said in 1955. He was speaking of tax reductions. Tax reductions last year amounted to $178 millions; this year in every department tax reductions amount to $26 million. And he seems to be happy with that, and the hon. member on my left seems to be happy with it too.

But let us look at what is being said all over the world. Governor Harriman speaking in New York with regard to the United States recession said there should be an emergency tax cut. He further said, and I quote his words:

> In my opinion it would be reckless to do little, and sensible and safer to take strong measures in this period.

I point out that Governor Harriman is a man considered to be an expert in finance; much better than some of the hon. members I see on my left. Tax reform in the United States to encourage individual incentive and promote the nation's economic growth has also been proposed by the Rockefeller brothers fund. The recommendation was made by a panel of 17 leading economists, and they urged an immediate tax cut to help expand employment and overcome the current recession. The panel emphasized, too, that the anti-recession tax cuts should be consistent with the more important long-term goals of tax reform.

This is from the United States, but we can find something in Canada. I have here

the report of the general manager of the Canadian Manufacturers' Association, and I should like to place on record the following recommendation made by that association:

> With total taxation—federal, provincial and municipal—now 29.8 per cent of net national income as compared with 22.3 per cent in 1939, and with federal taxes representing almost three-quarters of total taxes, the association has urged that every effort should be made to reduce federal taxation, submitting, among other things, that if more money is left in the hands of individuals and corporations it will have a stimulating effect on business generally, and in particular, will make increased Canadian capital available for the much needed investment in our primary and secondary industries.

These are not men in politics; they are men in business, and they are looking after their businesses, and that is why they are pressing the present government to set up a tax system which will ensure that the money will flow to the people. With better purchasing power in the hands of the people, the factories will be able to start again and more of our people will be able to find employment.

How many people will benefit as a result of the government's tax concessions? Not many, I venture to think. With regard to the proposed assistance for education we must wait until the bill is presented before we see whether this is what we want it to be. However, we have the cut flower tax reduction, and this may prove an economy to the Conservative party when its members celebrate their anniversaries. But I am afraid this will be of limited benefit, because the carnations which are created so beautifully by nature have never been blue, they are always, red, pink or white.

Mr. Pallett: What about that pansy you are wearing? There is a lot of blue in that.

Mr. Caron: My pansy has a lot of yellow in it, and I am sure some hon. members would be very proud to wear it on July 12.

The Minister of Finance spoke the other day about ways of getting money, about loans to cover part of the expenditure. He spoke about the sale of bonds in Canada and expressed the hope that everyone would participate in the buying of such bonds. There is one thing which every hon. member has received by mail, namely the plan which has been submitted since 1941 by Mr. Laflamme for what he calls premium bonds. This is a way to get people to buy these bonds, with low interest but with a possibility of a prize to make them attractive. Some people will say that this is a mere gamble. I do not know, but let us suppose it is. Who is not a gambler at heart? We have been born gamblers. Who among us has given the order to be born here or there? It is an accident to be born; it is a gamble we have to take. One man is born in English-speaking Canada; another is born to be a French-speaking Canadian—

Mr. Nasserden: Is that Liberal fiscal policy?

Mr. Caron: It may not be that, but I will answer the hon. member a little further. Every time in life we have to make a choice, that choice is a gamble. I think the Minister of Finance should study this question of premium bonds very carefully, because such bonds would sell in great quantities in Canada and people would be glad to take a chance on winning $10,000 or $25,000 or $50,000 a month.

The government—the Conservative party—are keen to imitate everything that comes from Britain. They should recognize that this system has been accepted in Britain. I have here a copy of the London *Times* giving the numbers and the amounts which have been won by the drawings last month. There is a long list of them. And those bonds which are being sold in England are also being sold at the present time under this administration in Canada, and if it is legal to sell them in England and in Canada I think it should be legal for the government to sell them. Anything which would help the government of Canada to find the money to get out of the difficulties in which we now find ourselves should be accepted and tried. All I am asking the government to do at the present time is to study the question.

Experts on trade promotion have been telling the government that they have not been doing very much to help trade in Canada, and speaking of taxes the government is happy to say that on account of the recession they had a deficit of $648 million which will amount to over $1 billion before the year is over.

An hon. Member: How do you know that?

Mr. Caron: But after the last war we had to change the economy of the country because industry had to change from war purposes to peace purposes. In the 42 months from 1945 to 1949 the Liberal government made reductions in taxes amounting to $1,292 million; in 1945, $300 million; in 1946, $266 million; in 1947, $265 million; in 1948, $92 million and in 1949, $369 million. This is the reason that right after the war we were not subjected to a period of recession such as we experienced last year and this year and during that period of 42 months the debt of the country was reduced by $1,625 million.

Mr. Nesbitt: Overtaxation. Why didn't you cut taxes then?

Mr. Caron: The Conservative government should not be proud of its record. During this period of hardship what we need in Canada—

a country with a small population of approximately 17 million that produces foodstuffs to support a population of over 40 million—is a firm policy that will develop markets for our products. What is the government doing to win markets for Canada? Nothing at all. The government criticizes the policies of the government of the United States and indulges in criticism of this and that, but is it really making an effort to sell Canadian products? Not at all. I admit the government held a conference at Mont Tremblant with the British government which brought in suggestions concerning free trade between the two countries. After this happened the government hastily closed the conference and sent the British delegates back home.

An hon. Member: Are you for free trade or against it?

Mr. Caron: The government should institute a public relations policy that will win markets for Canadian goods in other countries. With regard to the import restrictions in other countries Mr. J. C. Whitelaw, Q.C., in the report of the general manager of the Canadian Manufacturers' Association stated:

> Import quotas and exchange restrictions in commonwealth as well as other countries are limiting the export of Canadian manufactured goods. Some further relaxation in the United Kingdom import licensing arrangements were made in August 1957, while the token import scheme continues in effect in 1958 with very little change. The British West Indies liberalization plan for 1958 is unchanged. Certain commonwealth countries found it necessary in 1958 to further restrict their imports of manufactured goods, due to deficiencies in their balance of payments.

The Acting Speaker (Mr. Rea): Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Caron: I am sorry myself.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like to belatedly extend my congratulations to the Speaker on his election to that high office and commend him for the tact and skill which he has displayed in guiding the deliberations of this house. I extend the same complimentary words to yourself and to the Deputy Speaker. May I express the hope that the patient attitude you have demonstrated with respect to new members will continue and that the sands of your good nature will not run out at least until I have completed what I have to say.

I would also like to extend congratulations to the Minister of Finance (Mr. Fleming) in respect of his first budget and to say that in presenting it he has in an honest and competent way faced realities and has been able to come to grips with the fiscal facts of life and at the same time has been able to maintain benefits which have been derived from tax deductions introduced at an earlier date, to add something to them and also has been able to provide for the extensive public undertakings of this government. It has been a Herculean task and he should be given full credit for it. I would like in particular to comment on the proposal with regard to succession duties. This suggestion is most welcome and together with the companion measure permitting a tax-free gift up to $10,000 of a home or farm will remove inequities and injustices which have been apparent in the past.

I described the task of the Minister of Finance as a Herculean one and in so doing I had in mind that this government had to acquire some of the characteristics of Hercules in cleaning up after the previous administration by altering their unfortunate financial policies and doing what had to be done to remove the effects of such policies. I was thinking particularly of the task which was assigned to Hercules in cleaning out the Aegean stables for the first time in 100 years and I am sure the present Minister of Finance is thankful that he had only 23 years' accumulation to deal with.

I would now like to relate what was said in the conclusion of the budget presentation about the great destiny of this nation to observations I wish to make regarding a problem which affects the country generally and my constituency in particular, namely the question of the proposed construction of a railway to be built to the south shore of Great Slave lake.

The constituency which I represent is one of a tier of ridings lying at the northernmost extremity of the western provinces and occupying over one-third of the province of Alberta with an area of 80,000 square miles and containing a population of nearly 70,000 people. The people who live in the district constitute a reasonable cross section of Canada in the ethnic sense as here the two main streams of our population have joined and into the river which has resulted have been poured the smaller tributaries comprising the sturdy and fine people of every racial extraction who make up this country, all of us proud to be and to be called Canadians.

(Translation):

I am happy to know that the district which counts several thousand French-speaking voters supported me during the last election by awarding me 80 per cent of their votes. I hope that when I shall again ask for their support on another occasion, I shall be able to express myself in French, and I beg my hon. friends to pardon the errors I might commit when speaking in this language for the first time.

(Text):

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order 15 (3).

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Speaker: As there are a number of divorce bills standing for second reading, is it the pleasure of the house to have the bills taken in one motion?

Some hon. Members: Agreed.

Mr. Speaker: By unanimous consent Mr. McCleave, seconded by Mr. Mandziuk, moves that Bills Nos. SD-28 to SD-55 inclusive and Bills Nos. SD-57 to SD-78 inclusive, being divorce bills appearing on today's order paper as orders Nos. 30 to 79 inclusive, be now read a second time. Is it the pleasure of the house to adopt the motion?

Some hon. Members: On division.

Bill No. SD-28, for the relief of Therese Beaudoin Girard.—Mr. McCleave.

Bill No. SD-29, for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.—Mr. McCleave.

Bill No. SD-30, for the relief of Anne Marie Mathilde Vautelet Gagnier.—Mr. McCleave.

Bill No. SD-31, for the relief of William Leonard Mugford.—Mr. McCleave.

Bill No. SD-32, for the relief of James Clancy.—Mr. McCleave.

Bill No. SD-33, for the relief of Marjorie June Gabrielson Trainor.—Mr. McCleave.

Bill No. SD-34, for the relief of Kathleen Mitchell Cabana.—Mr. McCleave.

Bill No. SD-35, for the relief of Fernande Leduc Clarke.—Mr. McCleave.

Bill No. SD-36, for the relief of Ann Westwater Murphy.—Mr. McCleave.

Bill No. SD-37, for the relief of Gaynor Jenkins Douglas.—Mr. McCleave.

Bill No. SD-38, for the relief of Roland Paquin.—Mr. McCleave.

Bill No. SD-39, for the relief of Jone Vanda Skakauskaite Kaniewski.—Mr. McCleave.

Bill No. SD-40, for the relief of Ivy Elizabeth Shaw Labbee.—Mr. McCleave.

Bill No. SD-41, for the relief of Constance Jean Backhouse Brayton Lapierre.—Mr. McCleave.

Bill No. SD-42, for the relief of Lisbet Schlosser Wisternitz.—Mr. McCleave.

Bill No. SD-43, for the relief of Virginia Marshall Staniforth.—Mr. McCleave.

Bill No. SD-44, for the relief of Elie Kouri.—Mr. McCleave.

Private Bills—Divorce

Bill No. SD-45, for the relief of Margaret Stirling Izett Brown.—Mr. McCleave.

Bill No. SD-46, for the relief of Norman Weisman.—Mr. McCleave.

Bill No. SD-47, for the relief of Dawn Yvonne Tonkin Kadas.—Mr. McCleave.

Bill No. SD-48, for the relief of Betty Taylor Sharpe.—Mr. McCleave.

Bill No. SD-49, for the relief of Doris Williams Timmins.—Mr. McCleave.

Bill No. SD-50, for the relief of Marjorie Mary Ellen Bowes Jupp.—Mr. McCleave.

Bill No. SD-51, for the relief of Earl Bruce Carswell.—Mr. McCleave.

Bill No. SD-52, for the relief of Beverly Joan Smithson Rook.—Mr. McCleave.

Bill No. SD-53, for the relief of Joseph François Gabriel Rene Denis.—Mr. McCleave.

Bill No. SD-54, for the relief of Solomon Seymour Yetman.—Mr. McCleave.

Bill No. SD-55, for the relief of Margaret St. Aubin Brennan.—Mr. McCleave.

Bill No. SD-57, for the relief of Lidija Plesums Koppel.—Mr. McCleave.

Bill No. SD-58, for the relief of Vera Hamburg Colson.—Mr. McCleave.

Bill No. SD-59, for the relief of Margaret Griffin Clarke.—Mr. McCleave.

Bill No. SD-60, for the relief of Katie Miller Fisch.—Mr. McCleave.

Bill No. SD-61, for the relief of Greta Clair Van Valkenburg Stenstadvold.—Mr. McCleave.

Bill No. SD-62, for the relief of Beatrice Madeleine Schmid Layton.—Mr. McCleave.

Bill No. SD-63, for the relief of Anne Gold Zidile.—Mr. McCleave.

Bill No. SD-64, for the relief of Thomas Mastropaolo.—Mr. McCleave.

Bill No. SD-65, for the relief of Charles Coorsh.—Mr. McCleave.

Bill No. SD-66, for the relief of Claire Aubin Daunais.—Mr. McCleave.

Bill No. SD-67, for the relief of Maurice Gardner Swaine.—Mr. McCleave.

Bill No. SD-68, for the relief of William Arthur Terry.—Mr. McCleave.

Bill No. SD-69, for the relief of Frances Eileen Fisher Baker.—Mr. McCleave.

Bill No. SD-70, for the relief of Marie Aurore Cecile Gauthier Thomson.—Mr. McCleave.

Bill No. SD-71, for the relief of James Dunn Drummond.—Mr. McCleave.

Bill No. SD-72, for the relief of Marie Eva Desorcy Valiquette.—Mr. McCleave.

Bill No. SD-73, for the relief of Norman Silver.—Mr. McCleave.

Company Directors' Qualifications

Bill No. SD-74, for the relief of Herbert Everett Follette.—Mr. McCleave.

Bill No. SD-75, for the relief of Abie Cubitz. —Mr. McCleave.

Bill No. SD-76, for the relief of Eva Shtull Hager.—Mr. McCleave.

Bill No. SD-77, for the relief of Georges Etienne Brais.—Mr. McCleave.

Bill No. SD-78, for the relief of Barbara Eisenstein Packer.—Mr. McCleave.

COMPANY DIRECTORS

BOARDS OF FEDERAL COMPANIES TO HAVE MAJORITY OF CANADIANS

Mr. E. J. Broome (Vancouver South) moved the second reading of Bill No. C-16, respecting company directors (directors' qualifications).

He said: Mr. Speaker, the purpose of this bill is to require that all companies created by the parliament of Canada be managed by a majority of resident Canadian directors. The exception is where such a requirement already exists as in the Canadian and British Insurance Companies Act and in part III of the Companies Act. As I say, there is an exception in the case of these acts because they already have this provision. There is also, I believe, a provision in the Bank Act passed at the last session of parliament whereby insurance companies by mutualization can retain their Canadian identity. Therefore at the present time companies having to do with financial affairs such as banks and insurance companies are able to retain their Canadian identity under an act of parliament.

For an understanding of the purpose and intent of the bill I should like to go back and establish the groundwork with regard to the present status of foreign investment in Canada and some of the conclusions which can be drawn from the amount of foreign investment. In doing so I wish to refer particularly to the Gordon report and to the report on Canada-United States economic relations by Messrs. Brecher and Reisman. In the late nineteenth century most foreign investments in Canada came from the United Kingdom and were mainly concentrated in railways, government bonds and the construction of basic utilities. In this regard foreign investment in Canada followed the pattern as it existed in the United States, a pattern which existed up to about the year 1914. However, in recent years foreign investment has mainly been in the form of equities, that is, in the form of investments participating in the growth of the country through investment in the petroleum industry, manufacturing industry and so on.

[Mr. Speaker.]

The extent of that investment is rather extraordinary. According to the report on Canada-United States economic relations, between 1900 and 1955 foreign, long-term capital invested rose from $1.2 billion to $13½ billion. Actually that is a little bit out of date because the latest bureau of statistic figures as reported in the Toronto *Telegram* of June 16 indicate that the foreign stake in Canada's economic future has climbed to more than $17 billion, an increase of several billion dollars over the figure given in this report.

At present nearly four-fifths of all this foreign capital invested in Canada is held in the United States which is in strong contrast with the position at the end of world war I when the majority of foreign capital was held in the United Kingdom. At the beginning of 1955 non-residents controlled 54 per cent of the investment in Canadian manufacturing and 59 per cent of the total in mining, smelting and petroleum exploration and development. In fact, the holding in the petroleum industry alone would approach the 90 per cent mark. In a large number of very important Canadian industries, including oil, gas, nickle, aluminum, asbestos, iron ore, automobiles, electrical, rubber and chemicals, a relatively few enterprises owned and controlled mainly in the United States account for a very large share of the business enjoyed in those industries.

This is not to say that foreign investment in itself is not something that we are intensely anxious to have. In fact, our standard of living and the development of our country evolve around an adequate supply of capital from all countries throughout the world. But there are many questions which do come up and which should be considered in considering the problem and the long-term effects of this rather large foreign investment in our productive industries and our natural resources. It has been said that it is just a question of the economic immaturity of Canada and that in the course of time this condition will rectify itself in the same way it did in the United States. Actually this will not happen because, as I have pointed out, the bulk of the investment in the United States was in the form of underwriting government bonds whereas the investment in Canada is in the forms of equity stock.

Government bonds mature periodically and there is a chance then to repatriate them. Equity stock is something different. There is very little chance of repatriation of such stock unless a whole company is bought out in a company merger and the usual thing is that the smaller companies merge with large companies rather than vice versa. Therefore a very large proportion of foreign investment

in Canada involves direct ownership and control of productive enterprises.

In the past, with the growing maturity of the Canadian economy, a number of foreign corporations appear to have broadened the range of Canadian participation in their operations in a variety of ways because they found that the question as to how far foreign owned and controlled business enterprises should become integrated in the Canadian community was something which they should consider for self-interest reasons alone. As I say, many of these companies have moved in that direction and, to all intents and purposes, have become strictly Canadian enterprises. However, this report on Canada-United States economic relations goes on to point out the following:

> With the increasing Canadian concern over the extent of foreign ownership and control, it is perhaps safe to predict that some acceleration of this process—

That is, greater Canadian participation.

> —is likely to occur. On the other hand, there is no reason to believe that close integration will automatically become the universal pattern. While in many instances enlightened self-interest may stimulate further integration, in others the financial and operating advantages flowing from their present position may well continue to be the dominant consideration for non-resident enterprises.

This is a condition we must live with and it should be a cause of real concern. The extent of non-resident control has increased with the growth of Canadian industry and never in the economic history of any other nation as highly industrialized as Canada has there ever been such a large proportion of industry controlled by non-resident concerns.

That is roughly the situation as it stands today. It has been said that Canadian investment is an offsetting factor and that as other people invest in Canada so we in turn make investments in other countries. According to the report of the dominion bureau of statistics, as printed on June 16, Canada's investment abroad rose in the 1949-56 period to roughly $4.5 billion from $3.5 billion. However, as the bureau points out, a great deal of this so-called Canadian investment was really investment by Canadian companies which were really foreign-owned and which were returning money to parent corporations so that the parent corporation could make further investments in other areas of the world.

How did this situation come about? It is not the result merely of the fact that Canada has more than welcomed the investment of foreign capital here. This would not have been sufficient to attract the inflow of capital to this country of the magnitude we have had, nor would the availability of rich and plentiful resources and opportunities for growth have done so. I quote from page 385 of the Gordon commission report:

> But the mere fact that Canada has been willing to borrow abroad and has always welcomed the investment of foreign capital here would not by itself have been enough to attract an inflow of capital to this country. Nor would the availability of rich and plentiful resources and opportunities for growth. Fortunately in addition the "investment climate" in Canada has been favourable. Canada has had a long tradition of freedom for the flow of capital and income across its borders. Canada has also had a long history of orderly and responsible government. Moreover, a hard-working people with a strong desire for material advancement, a skilled labour force, a well developed educational system, adequate transportation and other social-capital facilities, reasonably stable economic and social conditions and positive encouragement by all levels of government have all helped to make this country an attractive outlet for private foreign capital.

There are other and much more positive factors than those which have encouraged the people of the United States as well as Europeans to invest their capital in Canada. For instance, the United States economy has developed to the point where it is generating large amounts of savings. There are many people in the United States, including those responsible for managing large United States corporations, who are looking outside the borders of the United States for a suitable place to invest capital. Secondly, another motive for the investment of capital in Canada is to secure resources, that is resources which may be needed for future development of the company concerned, resources which may be falling off in the native country of that corporation.

Then the motive for direct investment by non-residents in Canadian secondary manufacturing industries has been to expand the parent companies' operations into the Canadian market in the most desirable way. There is the wish to take advantage of commonwealth preferences which such a company could secure through Canadian operation. In addition, there are taxation considerations, particularly in the United States where income tax concessions are designed to encourage people of the United States to explore for gas and oil, not only in the United States but other countries of the world as well. These concessions have given many United States citizens a natural incentive to come to Canada and explore here for oil and gas. The advantages of such investment to Canadians are equally clear. The profits from direct investments by foreign concerns have a direct influence on the rate of economic growth and industrial development and on the Canadian standard of living for Canadians.

The point about access to markets bears constant repetition and continued emphasis. Most of the output of many of Canada's basic

industries cannot be consumed at home and must be exported. In such circumstances the assured market which foreign parent companies can often provide to their Canadian subsidiaries may be imperative to offset the heavy risks which otherwise would be inherent in the large-scale capital investment which would otherwise be required to develop these industries. These benefits are very real and tangible. It is much more difficult to set down in precise terms what the dangers are. No nation has ever gone through the period of development through which we are going. No other nation has ever been in the same condition as we are in Canada in regard to the control of our resources and our manufacturing potential being largely outside of the country. It may be that much that has been said about foreign control has little, if any, validity and is simply an outgrowth of a rather youthful nationalism.

But on the other hand, there are many cases, many of which I know myself, where such control has not been entirely in the best interests of Canada. This concern has arisen because of the concentration of foreign ownership in certain industries, because of the fact that most of it is centred in one country, the United States, and because most of it is in the form of equities which, in the ordinary course of events, are never likely to be repatriated.

Now, Mr. Speaker, what would be the solution? I am not claiming that this bill is the solution. Before I conclude, I should like to quote the recommendations of the Gordon commission. Their recommendations were as follows:

(1) wherever possible, such concerns should employ Canadians in senior management and technical positions, should retain Canadian engineering and other professional and service personnel, and should do their purchasing of supplies, material and equipment in this country;

(2) they should publish their financial statements and make full disclosure of the results of their Canadian operations;

(3) they should include on their boards of directors a number of independent Canadians and they should sell an appreciable interest in their equity stock to Canadians.

In so far as this bill is concerned, it states that the majority of the directors shall be resident Canadians. I checked with a very large firm which had business outside of Canada and they advised me that in their operations in Brazil the requirement they have to meet is that the majority of the directors shall be residents of that country. It may well be that the purpose of this bill could be equally well served if it said that these directors should be resident in the country rather than that the majority of directors should be Canadians. This is one of the reasons why I say I do not consider this bill is the final and complete answer. However, the debate which the bill will provoke will help to resolve, in a slight way, some of the problems that we have in this regard by the contribution that it will make. By the contributions which are now being made by Senate committees which are at present studying United States-Canadian relations, by special committees such as those mentioned by the Prime Minister (Mr. Diefenbaker) which are being set up or have been set up to discuss United States-Canadian relations and by the work which is being done in that regard by the companies which are more conscious of the problems in our relationship. I say that is the way in which this condition, which I have been trying to point out can be to the detriment of Canada, can be resolved in a way that is mutually profitable for both countries. It is a question of education and it is a quesion of fair treatment to all concerned.

I should like to point out two or three conditions under which we are at present suffering. For instance, I have here a report from the Toronto *Globe and Mail* of April 15, 1958. The heading on this report or this news item is as follows:

Subsidiaries Hiring U.S. Engineers, Report Canadians Squeezed Out.

This is an interview with Lieutenant-Colonel T. M. Medland, executive director of the Association of Professional Engineers in Ontario who said as follows:

"We have been raising the devil over the installing of these natural gas pipelines. But we don't object to U.S. specialists being brought in provided they add Canadians to their staffs for training purposes."

He added: "But some companies with subsidiaries in Canada are attempting to hold their engineering staffs in the United States together by replacing Canadians in this country.

"The bigger companies are O.K. They are beginning to see the light and are interested in their senior staffs here being Canadians. We are more afraid of the smaller companies."

Actually the point that he is driving at is what happens in connection with a great many United States subsidiaries; and when I say "United States" I should use the word "foreign" because it applies to all foreign-controlled subsidiaries; but as I have pointed out previously, the bulk of our manufacturing, our engineering and our resource industries are under the control of the United States and therefore they are the people who bulk largest in this problem. But the problem does apply to all foreign countries. The difficulty has been that the Canadian operation has in many ways been considered as a branch plant extension of the parent company and as such is operated as a branch plant extension with all policy decision being made at the head office of the parent company.

The operating personnel in Canada are just that, namely operating personnel, and they have very little to do with such matters as export markets, the degree of Canadian content and other matters which would be of interest if it was not a wholly-owned subsidiary or even a partially-owned subsidiary which was for all purposes controlled in a foreign country.

You may think that that matter is not too important. But the fact has been that—and when I say "has been" I am not referring to all companies—in certain areas and with certain companies, for instance, purchasing policy has a definite United States bias with regard to the supply of material, machinery and equipment. The question of markets in many cases has been controlled from a parent company in the over-all interest of the company but sometimes not in the best interests of the Canadian company. There are examples of Canadian companies which have been precluded from participating in foreign markets which they could reach, in which they could sell and in which they have sold in previous years. By a policy decision made outside of this country they have been told that they are no longer free to ship into that export market.

Perhaps the problem which bears most heavily on our shoulders is that of senior personnel. Many subsidiaries' staffs—their managerial staff, their professional staff—are brought in from the United States and Canadian engineers and Canadian managers are not given a chance at promotion within that company. This is a much more general condition than hon. members of this house imagine it to be. I have here a letter from a young engineer who is a friend of mine. I will just quote one paragraph from it. He is referring to the fact that in the petroleum industry there is a general disinclination to hire Canadian engineers and there is an inclination to demand that key engineering work either be done in the United States or that personnel be brought over from the United States to do this work in Canada. He says as follows:

> The state of affairs I speak about I realize is probably most noticeable on project work connected with the oil and gas industry but I suspect that the same thing holds for other parts of the economy as well. I am disturbed constantly by the number of surveys and investigations done by "a firm of American consultants". I was more disturbed recently while on a job hunting tour in Alberta to hear in the office of one American engineering firm in Calgary that Canadians couldn't be hired for work in Canada under present conditions when the company had plenty of Americans on its payroll trying to keep busy.

For those people who are from Calgary I might say that this firm said they had to make sure that their people in Denver were taken care of first. That is not an isolated case. I know of at least half a dozen. I am referring to highly specialized, highly trained technical personnel, graduate engineers, who could do the job but who will not be allowed to do so. This is along the same line of thought as that expressed in this newspaper comment that I read out a few minutes ago.

I was interested in putting a question on the order paper with regard to the value of automatic transmission assemblies and parts imported from the United States by the automobile industry. I found out that the Department of Trade and Commerce just could not give me that information. Then I asked for the duty rate and the answer is as follows:

> Complete automatic transmissions for use in the assembly of motor cars are ruled to be of a class or kind not made in Canada and are admissible under tariff item 438n free of duty when imported from the United States.

Then I asked with regard to parts for automatic transmissions and I was told that since they were not made in Canada they came in duty free also.

I also recall many years in the automobile industry when the empire content clause reacted in favour of increasing the Canadian content in automobiles manufactured in Canada so that the automobile companies could participate in markets which were closed to them if they exported from the United States and which they could only enter from Canada. Their export markets reached from Canada are not so important to them now. Branch plants have been set up in Australia, Malaya and so on. So the Canadian content part is not too important, but there is another point I would like to raise and that is that approximately $10 million to $15 million worth of automatic transmissions are brought into this country. These products alone would, if made in Canada, provide employment for at least 300 men, and I would suspect the figure might run as high as 500.

The tooling problems are not great, and neither is the problem of capital investment. However, it is to the advantage of the automobile company to concentrate the production of automatic transmissions; in fact, in one company of which I know production is confined to one plant in the United States. These components are shipped into Canada and we will never institute an increasing Canadian content in the automobile industry unless the industry has some incentive to build up that content. If they were given such an incentive I suspect that there would be many more jobs opening up in Windsor and Oshawa. It is certainly not in the Canadian interest that this condition should be allowed to continue. I can assure hon. members that such items as automatic transmissions can be

manufactured in Canada as cheaply as in the United States. In fact, as much automobile manufacturing is done in terms of labour hours and less time is used—if you ignore tooling costs—than is the case in the United States. I have also known of cases where United States engineers come up to study Canadian production methods, for example, in the Fisher body corporation, because those methods were more advanced than the ones practised in the United States.

I see my time is drawing to a close, but I would not wish to leave the impression that it is only United States firms who are not hiring Canadian personnel, because I notice in the *Gazette* that the Royal Bank in Place Ville Marie has employed the services of architects and planners from the United States. In fact, if you read down the list, the first half dozen categories of architects, mechanical and structural engineers, indicate that most of this work is being done by New York organizations.

I believe, furthermore, that the Queen Elizabeth hotel was pretty nearly completely designed in New York. We are a nation which is apparently continually saying, "We do not have the know-how, the savvy, we lack the trained engineers and technical personnel." This is not so. We can tackle any job, and it is only in very few specialized fields that we do need outside help. My contention is that if somehow, through education, through bills such as this, or through modifications to such bills, we could create the general atmosphere in this country which would allow enterprises to make the greatest capital gain they can and to obtain the greatest share of the markets they can, generally to operate as a part of the Canadian community and industrial life, and indeed to pay their proper share of charitable contributions, this would be a great step in the right direction. I raise the last point because I understand that it is not possible for many of the operating heads of companies in this country to make a contribution to welfare or whatever the cause may be without first obtaining permission from their United States head office.

The whole intention of this bill is to create a condition, if not on the operative level, at least on the policy-making level between the operating heads of the Canadian and the parent companies, so that as the years go by the Canadian company will gradually increase its proportion of Canadian engineers, Canadian salesmen and indeed achieve a completely Canadian personnel, all working to the best of their abilities to make the Canadian operation a profitable one. These investments have come into our country and have helped to develop Canada and the Canadian operation should try to produce as much as it can and to sell in as many markets of the world as it can in free and open competition, if necessary with its own parent company, and in competition with foreign companies.

The purpose of this bill is not to try to dictate to anyone or to drive away capital but, on the contrary, to set up a suitable atmosphere of a continuing nature which will be of benefit not only to the Canadian people but to the organizations who have invested —it is true for the sake of profit—in our country. We hope to provide a general climate in economic and industrial operations in Canada which will be of benefit to everyone.

Mr. D. M. Fisher (Port Arthur): I would like to assure the hon. member who has just taken his seat that our party supports his bill on second reading, which is the stage where principle is involved. We hope that the bill will be thereafter sent to a committee where it may be examined much more closely because, as the hon. member himself pointed out, there are many factors which should receive further consideration. We trust there will be an opportunity for a vote on this bill before six o'clock, although the hon. member for Calgary South (Mr. Smith) probably has other intentions.

I wonder whether in introducing the bill the hon. member for Vancouver South (Mr. Broome) considered the fact that so many companies in Canada, especially those in the resources field, are not set up under the Companies Act or under letters patent from this parliament but come solely within provincial jurisdiction. As a matter of fact, I understand one of their main reasons for organizing on a national basis is because the federal service is better than that offered by some of the provinces. The fact remains that this bill could drive companies to let go their organization under a federal basis and concentrate on an exclusively provincial operation. I raise this point because I know that many of the pulp and paper companies in my own area operate entirely within the province of Ontario. This is a consideration which I think should be taken into account.

I wish the hon. member had made some further investigation of the files in the office of the Secretary of State (Mr. Courtemanche) with respect to the situation as to subsidiaries and as to whether there is any indication from the addresses of the directors of certain companies of how many such directors do live in Canada at the present time.

The intent behind the bill seems to me to be identified with the party of the hon. member. One usually thinks of a bill brought

in by a private member as being something which is particularly his own interest, but in this case, bearing in mind speeches during the last two election campaigns, there seems to be an absorbing fear on the part of the hon. member's party with respect to United States domination of the Canadian economy. I can only say that I wish a few more of the private members on the government side had been similarly inclined because we would especially welcome a bill which would require the subsidiaries of United States corporations to publish an annual report showing the relationship of the Canadian subsidiary to the total operation of the concern. We believe this aspect of the matter is perhaps even more important than the requirement so far as the directors are concerned.

Another point that perhaps we could welcome in relation to this bill is the whole question of giving Canadians the chance to share in the equity possibilities of Canadian subsidiaries without having to go into the parent company for stock purchases, and we would certainly welcome it if the hon. member who introduced the bill could develop the tone even a little more, perhaps in the party caucus, and perhaps a few of the younger members could assist him in taking the initiative with regard to these matters which are so closely related.

One of the difficulties, it seems to me, in principle about this question of directorships is the corporate structure. I think it has been very noticeable. Any of you who have been reading texts in the development of corporate structure will realize that more and more control is going out of the grasp of the shareholders, or directors elected by shareholders, and entering the grasp of management itself. Furthermore, we have had a tremendous development in the last decade of two other factors which make the position of a director much less important and so gives the purpose of this bill perhaps more meaning. I am thinking of a giant holding company which needs to purchase perhaps only a minority part of the stock of a company before it can control it and set up its own dummies. That is another question which could be considered in the committee, whether these directors would be any more than dummies. I know in particular of a mining operation in the area from which I come where there are a number of Canadian directors but where the effective control, as everyone realizes, is not in the head office in Canada but down in the United States.

I am reminded of another story—I hope it is apocryphal—in connection with one of the companies laying the trans-Canada pipe line. Apparently they were having difficulty in getting past the Department of Citizenship and Immigration in getting some Americans in to work, so they took these chaps who were waiting down south of the border and who they felt were needed badly, and they created them vice-presidents of the company. I understand these men are working, one as a truck driver and one in charge of a parts store, and at the same time they are vice-presidents of this construction company, and that is an example of how a dummies set-up can come in, no matter how well intentioned the legislation.

One of the other tremendous developments I referred to earlier and that I have not touched on in detail yet, is the development of these investment portfolios by such organizations as Investors Mutual and Investors Syndicate. More and more, so much of the equity control seems to be superficially getting into the hands of these big portfolio groups and companies that they are in a position to nominate directors and in many ways almost control the policies of the corporation. I was just wondering, and it seems a very good question, how is this development—and it seems to be going on every year; in the *Financial Post* in their annual review you can see how these portfolios are getting larger and larger, and so the question comes to mind—eventually going to be applied. Are these portfolio-holding mutual companies to continue to keep hands off appointing directors and actually taking an interest in management, or is there finally going to come a switch and will they begin to operate more like a holding company. This question affects the question of selecting Canadian directors and the general problem, of course, seems to me that we have been told often enough by supporters of free enterprise in this house that capital is international and knows no bounds, and we cannot consider very seriously whether Canadian directors of United States owned subsidiaries can do an effective job.

This sounds very much like a general criticism of the bill, but it is only intended to be some suggestions to lead us on after second reading to a study of the bill in committee. We think that would be extremely worth while.

I do not want to close without saying some good things about some of the United States subsidiaries we have in Canada. I realize, for example, from my own particular training of librarianship that we would be nowhere in Canada but for funds supplied by a United States corporation, the Carnegie Foundation, and I think also of the work that has been

done by other large United States corporations. We have got to temper our criticism to a certain extent with regard to the way they operate.

We have in our area two United States subsidiaries, the Marathon Corporation and Kimberley Clark, that in many ways have set the pace and the whole standard not only for the communities they have developed but also for the advanced forestry outlook they have. And when I consider what they do compared with, for example, a Canadian corporation such as Abitibi which has largely Canadian directors, I begin to see that there has been a certain guided benevolence on the part of some United States corporations, and that this bill might cause such organizations difficulty.

Then again, Marathon Corporation only recently became in the United States a subsidiary of a much bigger organization, the American Can, and I do know that the community of Marathon and those engaged in the home operations there stewed and worried for a few months because they knew that control was vested in the United States but they had come to recognize that the control was benevolent and very often in their best interests. Now it has been removed by another of these gigantic shuffles in the corporation market, and perhaps if we had a requirement such as the hon. member suggested in this bill we would not have this kind of worry.

I certainly think the point the hon. member made with regard to corporate contributions by United States subsidiaries to our Canadian educational institutions is a very important one and it would not be right to single out any particular United States subsidiary that is giving a great deal or others that have given nothing, but this is an important point. It seems clear that if one had Canadian directors with a Canadian background and education they would be much more likely to call to the attention of the management of the corporation the need for helping Canadian institutions.

That completes the remarks I want to make. I would just like to close by congratulating the hon. member again on his initiative.

Mr. A. R. Smith (Calgary South): Before the hon. member for Port Arthur (Mr. Fisher) spoke I had some misgivings about this bill. I have considerably more now, and in view of the well known and long standing love of private enterprise by that particular group my suspicions are naturally aroused by the sentiments he has expressed and by the congratulations he has extended to the hon. member for Vancouver South (Mr. Broome).

I should just like to say to him that the principles or objectives or intentions that he has in mind are indeed good if taken in proper doses but, as he says on his own admission, in effect the establishment of a majority of directors would not in itself cure the problem about which he spoke for some 40 minutes. It therefore seems unnecessary to make any comment on the bill as such because of its apparent weaknesses; first, that the aim he wishes to achieve could be completely defeated by provincial corporations or by establishing dummy directors, which makes it unnecessary to comment on the bill any further.

But he did raise one or two other interesting points with which I wish to deal, not in defence of foreign investment or United States citizens or United States companies but purely to set the record straight. In his remarks the hon. member made repeated reference to Canada's No. 1 industry, the petroleum and natural gas industry.

In dealing with the points raised by the hon. member the first comment I would make is this. We recognize perhaps as much as anyone the need for capital investment. We know that the capital requirements of Canada involving an investment of some $8 billion exceeds our ability in savings by a considerable degree. We also appreciate that we have vast areas of undeveloped sections of Canada and in western Canada in particular we have vast areas of undeveloped resources. It therefore becomes essential that if we are to enjoy the prosperity we have experienced these past years we must continue to develop these resources—yes, in the interests of Canadians first—and we can only do this, I suggest, with the aid of foreign capital.

The hon. member who introduced the bill said it was not designed to discourage foreign capital. I submit that the moment this bill was placed on the order paper it did exactly that.

Mr. Fisher: Nonsense.

Mr. Smith (Calgary South): You cannot say to anyone whether he be American, Belgian or Chinese that you are inviting capital from his country to Canada with strings attached to the invitation. It is tantamount to saying, "It is all right to send your money but do not come yourself." The hon. member for Port Arthur suggested that there are several ways of being absolutely certain that the rights of Canadians are protected and he itemized them. They are also contained in the report of the Gordon commission and have been enunciated by the Minister of Finance (Mr. Fleming) on several occasions. They were also set out in the brief presented to the Gordon commission by the Canadian

Manufacturers' Association. As they have already been dealt with I shall only say this in referring to them. Protection of the rights of Canadians in participating in the equity of these companies can be safeguarded by ensuring that Canadians have the right to participate in their management, by ensuring that these companies will carry out the development of research in the industries concerned, by ensuring that these companies will contribute to various philanthropic societies and also by ensuring that these companies will in themselves be good companies. I believe that to a substantial degree the United States parent and subsidiary companies operating in Canada have followed this pattern although of course there are exceptions.

With a recession today in the United States it is quite likely that a number of citizens of that country will enter Canada to establish themselves in Canadian industry. I have no facts or figures in this respect but it is something that conceivably could happen. We in the petroleum industry recognize that and the industry itself—not government—are taking every precaution by informing these companies that if they hope to retain their position here under the same favourable circumstances they have enjoyed in past years it is good common sense to be absolutely certain that they are first of all good Canadian citizens operating as good citizens should.

I wish to make one point clear with respect to the development of resources—and petroleum and natural gas are perhaps as good an example as any—and it is that large expenditures will be necessary to ensure continued development. It is estimated we are going to require to expend about $25 billion in order to develop the petroleum and natural gas industry in the next 20 years. It is obvious that we have two choices in this regard. The first is to call upon our own savings which I have suggested are not great enough to meet the demand and the second is that we merely delay the day when these resources are going to be utilized. Let us keep in mind that in developing the resources of our country we will be providing literally thousands of jobs for Canadians and millions of dollars in consumer goods in putting these products into competitive markets for the use, first of all, of Canadians.

I suggest it is not necessary to become emotional in judging the advantages of foreign investment. I point out that this bill will do nothing to encourage the free flow of the required capital to our country. For some years we had no opportunity and little hope of obtaining capital from eastern sections of Canada with which to develop the resources of western Canada. It was many years before Bay street was prepared to invest capital in the development of natural resources in Alberta and consequently the province accepted foreign capital from the United States in substantial volume.

I wish to raise one other point before concluding because I notice it is almost six o'clock. I wish to stress the necessity of maintaining proper provincial legislation to ensure adequate control by Canadians of our resources. This legislation is already in effect in the provinces which illustrates that foreign investment does not mean control of Canadian industry itself. We have all the provisions we require to protect the rights of our citizens. I am quite certain that the law makers in Canada, both provincial and federal, will conscientiously endeavour to ensure that Canadian rights are adequately protected.

I suggest that the intention of this bill is good in that the hon. member was motivated by a desire to ensure the protection of the rights of Canadians through the application of the five or six safeguards listed in the report of the Gordon commission but I point out that the bill will do little else but discourage the foreign capital which we certainly require at this stage in the history of the development of Canada's natural resources.

Mr. Speaker, may I call it six o'clock?

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I presume we will proceed with the debate on the budget on Monday and continue it throughout the week, as was announced last night?

Mr. Green: That is the intention, Mr. Speaker. It has been agreed among the parties that private members' day which normally falls on Monday will be postponed.

Mr. Speaker: Does the house give unanimous consent that the business on Monday will be a continuation of the budget debate notwithstanding the provisions of standing order 15 (3) which would otherwise make it private members' day?

Some hon. Members: Agreed.

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

Questions

ANSWERS TO QUESTIONS

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

POSTAL SERVICE, ROUTE 501, OTTAWA

Question No. 67—**Mr. McIlraith:**

1. Is delivery of mail for boxholders served by route 501, Ottawa, made by department personnel or by contract?
2. If by contract, what is the name of the contractor?
3. Were tenders called for this contract?
4. If not, for what reason?
5. What is the price paid for this service?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1 and 2. Service performed under temporary arrangement with Rod Service (Ottawa) Limited.

3. No.

4. Due to the probability of considerable changes in the number of patrons to be served, it was not considered advisable to invite tenders for a regular contract until the situation has become more stabilized.

5. $2.50 per hour for truck and driver.

SPECIAL DELIVERY POSTAL SERVICE, OTTAWA

Question No. 68—**Mr. McIlraith:**

1. Are special delivery letters in Ottawa delivered by a contractor or by post office personnel?
2. If by contract, (a) who is the contractor; (b) what is the price paid for this service?
3. Were tenders called? If not, for what reason?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Special delivery letters are delivered in Ottawa by a contractor operating on a temporary basis, except for a limited number of items which can be delivered more expeditiously by letter carriers.

2. (a) Rod Service (Ottawa) Ltd.; (b) 20 cents per item, plus $45 per month for each of three vehicles. Payment at pro rata is made for any additional vehicles required.

3. No. It is not the practice to advertise special delivery services. Experience has proved that more efficient and economical arrangements can be made by utilizing the services of regular contractors holding mail contracts in the same areas.

HOUSE OF COMMONS

Monday, June 23, 1958

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Second report of standing committee on banking and commerce.—Mr. Cathers.

VETERANS AFFAIRS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. W. G. Dinsdale (Brandon-Souris) moved that the first report of the standing committee on veterans affairs, presented to the house on Thursday, June 19, 1958, be now concurred in.

Motion agreed to.

AGRICULTURE AND COLONIZATION—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Hayden Stanton (Leeds) moved that the first report of the standing committee on agriculture and colonization, presented to the house on Thursday, June 19, 1958, be now concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

On the order: Government notices of motions:

June 19—The Minister of Transport—The following proposed motion:—That a sessional committee on railways, air lines and shipping owned and controlled by the government be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers and records and to report from time to time and that, notwithstanding standing order 67 in relation to the limitation of the number of members, the said committee to consist of Messrs. Bourbonnais, Brassard (Lapointe), Broome, Carter, Chevrier, Chown, Creaghan, Drysdale, Fisher, Fraser, Grills, Gundlock, Hardie, Kennedy, Loiselle, Martini, Mitchell, Monteith (Verdun), Pascoe, Robichaud, Robinson, Rowe, Rynard, Smith (Calgary South), Smith (Simcoe North) and Tasse.

Mr. Hees: Stand.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

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

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

Mr. Chevrier: Explain.

Mr. Churchill: Mr. Speaker, this is a bill which will introduce certain amendments which will tidy up some of the features of the act, and in particular will make allowance for the delivery of seed grain and the delivery of malting barley so they shall not count as against procuring cash advances against wheat stored on the farm. Those are the main items in the amendments proposed. The other amendments are simply of an administrative character.

Motion agreed to and bill read the first time.

NATIONAL PAROLE BOARD

REPEAL OF TICKET OF LEAVE ACT, ESTABLISHMENT OF BOARD, ETC.

Hon. Howard C. Green (for the Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish a board to be known as the national parole board; to provide for the remuneration and expenses of the members of the board; for the appointment of the officers, clerks and employees necessary for the proper conduct of the business of the board; to provide generally for the administration of the act; and further for the repeal of the Ticket of Leave Act.

Motion agreed to.

RETURNED SOLDIERS' INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the

following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Returned Soldiers' Insurance Act so as to increase the amount of insurance that may be paid to the beneficiary as an annuity in certain cases and to remove restrictions in payment of insurance in the case of pensioners.

Motion agreed to.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Veterans Insurance Act so as to increase the amount of insurance that may be paid to a beneficiary as an annuity in certain cases; to remove restrictions in payment of insurance in the case of pensioners and to extend the time limit for applications for insurance.

Motion agreed to.

MOTION FOR PAPERS

HIGHWAYS—FEDERAL ASSISTANCE TO PROVINCES

Motion No. 7—**Mr. Argue:**

For a copy of all correspondence and other documents exchanged between the federal government or any of its departments, and the government of each province, since January 1, 1957, dealing with federal assistance towards: (a) the construction of the trans-Canada highway; (b) any other roads, including: (i) a primary highway system; (ii) provincial highways; (iii) urban roads.

Hon. Howard C. Green (Minister of Public Works): The hon. member for Assiniboia and I have agreed that the production of these papers shall be limited to papers passing at the ministerial level.

Mr. Speaker: Is it the pleasure of the house to adopt the motion as limited by agreement between the mover and the minister?

Motion agreed to.

SHIPPING

B.C.—THREATENED STRIKE ON BLACK BALL LINE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Acting Minister of Labour if she has any statement to make on the threatened strike on the Black Ball line between Vancouver island and the mainland which, if it took place, would complete the isolation of that island from the Canadian mainland in so far as surface transportation is concerned?

Hon. Ellen L. Fairclough (Acting Minister of Labour): The negotiations between the Black Ball ferries and their employees come under the jurisdiction of the provincial department of labour, and I understand the provincial minister of labour is presently inquiring into that matter.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): May I ask the Acting Minister of Labour what plans the government is making for renewed efforts or more vigorous efforts to settle the work stoppage against the Canadian Pacific Railway Company, which matter comes under the jurisdiction of the federal Department of Labour?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, the commissioner is presently on the west coast and I understand he is in Victoria today. Until we receive his report no further steps will be taken by the department, but we hope to receive that report very shortly.

POWER

SAINT JOHN, N.B.—REPORTED STATEMENT RESPECTING THERMAL PLANT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I ask the Minister of Northern Affairs and National Resources if he is now in a position to comment on the question I asked him on Monday, June 16, in regard to the statement made by the chairman of the New Brunswick Electric Power Commission.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The hon. member for Gloucester asked me about this matter on June 16, and since that time I have had the press report translated. It states that the chairman of the New Brunswick Electric Power Commission would not comment on the type of fuel to be used at the East Saint John plant, that no agreement had yet been completed with the federal government with respect to the construction of this plant, and that he did not believe he needed the advice of Mr. Hicks in New Brunswick.

I have no comment to make on these statements, Mr. Speaker, apart from saying that the main agreements with Nova Scotia and New Brunswick are designed to do two things.

One is to reduce the cost of production of thermal power in the Atlantic provinces. The second objective is to reduce the cost of power used in coal-fuelled plants of the Atlantic region. As it has repeatedly been made clear, this government is aware of the importance of using maritime coal in the Atlantic provinces. That is why this government provided a subvention to make maritime coal competitive in the Atlantic area with coal used in thermal plants in central Canada.

TRANSPORT

REPORTED CANADIAN OPPOSITION TO U.S. PROPOSAL RESPECTING GREAT LAKES PILOTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. This question arises out of a press report from Washington by the *Free Press* Chicago *Tribune* bureau on June 18 to the effect that Senator Warren G. Magnuson, chairman of the Senate commerce committee, in hearings on a Senate bill which would require all vessels operating on the great lakes to carry licensed pilots, announced that the state department, which had interposed no objections during house consideration of this bill, had telephoned him Tuesday to urge delay because of opposition by the Canadian government.

Could the minister inform the house of the reasons for this opposition, and what the suggestions of the Canadian government were in this matter?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, whether that report is true I do not know. I will accept the question as notice.

Mr. Fisher: May I direct a supplementary question to the Minister of Transport on the same matter. Has the Minister of Transport received any proposals from the shipping federation of Canada that his department should press for intervention to retard legislation proposed by the United States coastguard which is now before the United States Senate?

Hon. George H. Hees (Minister of Transport): The answer, Mr. Speaker, is no.

ST. LAWRENCE SEAWAY

TARIFF OF TOLLS—APPROVAL BY UNITED STATES GOVERNMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Following the hearings which the St. Lawrence seaway authority intends to hold concerning the tariff of tolls, which the minister announced the other day, is it the intention of the government to seek approval of this tariff of tolls from the United States government?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, as I announced last Wednesday in the house, the tariff of tolls will be open for representations from shippers and other interested people starting on August 6, and at the conclusion of these hearings the St. Lawrence seaway authority will make certain proposals to myself. The St. Lawrence seaway development corporation will make proposals to the United States government; there will be consultation between both bodies, and we hope to make an announcement some time after that as to what the tariff structure will be.

Mr. Chevrier: May I ask a supplementary question. If a company or individual is aggrieved by the tariff of tolls, may a complaint be lodged with the board of transport commissioners under section 15 of the act?

Mr. Hees: Yes, Mr. Speaker. Section 15 of the St. Lawrence Seaway Authority Act provides, among other things, that the final tariff and any amendments shall be filed with the board of transport commissioners and any person may, at any time, file a complaint alleging unjust discrimination in the tariff. There is no provision in the act whereby the seaway authority would hear applications alleging unjust discrimination, and the government does not presently contemplate making such provision.

TELEVISION

MOOSE JAW—GRANTING OF LICENCE TO STATION CHAB

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of Transport. Could the minister say when the recommendations of the board of governors of the Canadian Broadcasting Corporation following the hearings held by the board on June 12 and June 13 last with regard to the granting of a television licence for station CHAB, Moose Jaw, will be considered?

Hon. George H. Hees (Minister of Transport): I thank the hon. member for his courtesy in advising me of his intention to ask this question. I appreciate the extensive work done and interest taken by the member for Moose Jaw-Lake Centre relative to the television station at Moose Jaw, and assure him that as soon as my technical

officers have completed their examination of the recommendations of the C.B.C. board meetings on June 12 and June 13 I will give this matter prompt attention.

MARITIME PROVINCES—INQUIRY AS TO ESTABLISHMENT OF FRENCH STATION

On the orders of the day:

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, I wish to direct a question to the Minister of National Revenue. Could the minister inform the house what progress has been made toward the establishment of a French television station in the maritimes?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to speak to me about this early last week, in fact a week before that. I would have answered last week except for the fact that I was away, and I am sorry that in the meantime a story appeared in the press with respect to this subject. It is certainly not the fault of the hon. member that his question did not receive prior attention.

The fact is that the Canadian Broadcasting Corporation is concluding engineering studies with respect to a French television station at Moncton. These studies have been practically completed, plans have been prepared and it is anticipated that the work will progress to such a degree that at the end of this year or early in the next calendar year a French television station will be in operation in Moncton.

CANADIAN PACIFIC RAILWAY

KETTLE VALLEY, B.C.—TRANSPORTATION OF PERSONS HAVING COMMUNICABLE DISEASES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of the travelling public in general I wish to direct a question concerning national health and welfare to the Minister of Transport. In view of the fact that a certain hospital in Kootenay West has been informed by the legal officers of the Canadian Pacific Railway that persons suffering from communicable diseases may ride in the baggage section of the present Budd cars on the Kettle Valley railway, and in view of the fact that this section of the car is occupied by the baggageman, trainmen and the news agent with his sandwiches, buns and other delectable morsels provided for the sustenance of the company's patrons, does the minister consider this a suitable arrangement having regard to the health of the patient, the patrons and the railway employees; and will he investigate this situation?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. It was handed to me just as I entered the house. I am not aware of the details he has outlined, but I will immediately get in touch with the management of the Canadian Pacific Railway and give him an answer as soon as possible.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—REQUEST FOR TABLING OF CORRESPONDENCE RESPECTING TAX RENTAL AGREEMENTS

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I wonder if the Prime Minister would care to table the correspondence between the government and the premier of Manitoba referred to in the press respecting the tax rental agreements in a manner similar to the tabling of the correspondence with the premier of Saskatchewan last week?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not know what the press contained with respect to this matter, but whatever letters have been received will certainly be tabled.

COAL

NOVA SCOTIA—REPORTED REQUEST FOR FEDERAL AID

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, may I direct a question to the Minister of Mines and Technical Surveys. Can the minister confirm a Canadian Press report to the effect that Avro proposes a 47-day lay-off in Nova Scotia coal mines instead of a lay-off to last for 25 days, and that this 47-day lay-off as well as permanent closure of three mines will come about unless the government gives financial aid? If this report is correct, what is the company asking in the way of financial aid?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, the answer is no; we have not made any proposal on that.

Mr. Robichaud: The company made no proposal to the government?

WATER POLLUTION

MONTREAL—REPORTED DUMPING OF OIL IN ST. LAWRENCE

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to direct a question to the Minister of Transport. Perhaps the minister may wish to take this as notice. Has any action been taken by the Department of Transport to stop ships that are sailing below Montreal from emptying their oil tanks in the river, thus causing a very serious water pollution problem in that area?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, this is the first I have heard that this is being done. I will make inquiries and give the hon. member an answer as soon as I can.

CANADIAN NATIONAL STEAMSHIPS

STATEMENT AS TO HALIFAX BOARD OF TRADE REPRESENTATIONS RESPECTING SALE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): While I am on my feet, Mr. Speaker, I will answer the question asked by the hon. member for Laurier in my absence on Friday. The hon. gentleman asked if I had received a telegram from the Halifax board of trade regarding the sale of the Canadian National (West Indies) steamships. I have received such a telegram, which I read with a great deal of interest, and these representations will be given serious consideration.

SUGGESTED TRANSFER OF VESSEL TO WEST INDIES FEDERATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Transport. Is there any truth in the statement that Canadian National Steamships have sold one or all of their vessels?

Hon. George H. Hees (Minister of Transport): I have not been so advised, Mr. Speaker.

Mr. Chevrier: If it is not correct, has the minister or the government given consideration to the transfer of one or more of these vessels to the West Indies federation in lieu of the construction of a passenger-cargo vessel for the federation at a cost of $2.5 million?

Mr. Hees: Yes, that matter has been considered, but according to the information we have the West Indies require a ship about half the size of the smallest Canadian National steamship, and those ships are not satisfactory.

BROADCASTING

KITIMAT, B.C.—INQUIRY AS TO GRANTING OF LICENCE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Transport supplementary to that asked by the hon. member for Moose Jaw-Lake Centre. I should like to know what progress is being made with respect to the recommendation of the Canadian Broadcasting Corporation board of governors made on December 6, 1957, for the granting of a private radio station licence in Kitimat, British Columbia.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am not familiar with that particular case. I will check up and get an answer as soon as possible.

TRADE

URANIUM—STATEMENT ON NEGOTIATIONS FOR SALE TO JAPAN

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, on June 11 the Leader of the Opposition addressed a question to me with respect to a possible sale of Canadian uranium to Japan. I informed him on that occasion that I would discuss it with my colleague, the Minister of Trade and Commerce, and there was an implicit undertaking in my answer to reply further to the question.

As the members of the house will recall, the Minister of Trade and Commerce and I have informed the house on several occasions of steps being taken to promote the sale of Canadian uranium abroad. Among these steps was the negotiation with friendly governments of bilateral agreements for co-operation in the peaceful uses of atomic energy. Although these agreements do not in themselves constitute contracts, one of their purposes is to establish conditions, satisfactory to the two governments concerned, under which such contracts may be concluded on a commercial basis.

We have been anxious to negotiate such agreements with like-minded governments and have taken active steps in this direction. In particular, we have prepared a standard draft which could serve as the basis for these negotiations, and this draft was passed on last year to governments which had expressed an interest in co-operating with us in this field. Since then we have entered into negotiations with several governments, and we have kept in communication with other governments about this matter.

Japan is among the latter group, and although negotiations for the conclusion of a bilateral agreement are not yet under way, we have kept in close touch with the Japanese authorities. We understand that they are as anxious as we are to co-operate in the peaceful uses of atomic energy. We hope they will shortly be in a position to begin such negotiations.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO INCREASE IN PAYMENTS DUE TO DROUGHT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Agriculture arising out of the very threatening drought conditions in the three prairie provinces. Is the government giving any consideration to increases in payments under the Prairie Farm Assistance Act to meet any such emergency?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, if drought conditions continue to be serious—and no doubt they have been serious up to date—undoubtedly the payments under the Prairie Farm Assistance Act will be very much higher than they have been in recent years.

If the hon. member is referring to an increase in the rates, which I see he is because he is nodding his head, then we have not given consideration to an increase in the rates of prairie farm assistance.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO CONFERRING OF DEGREES BY ROYAL MILITARY COLLEGE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to address a question to the Minister of National Defence which relates to the important announcement made by an Ontario provincial official that the Royal Military College is to award degrees. Has the minister any statement to make which would indicate the reasons for this step, and its relationship to military training?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, for a number of years the Royal Military College at Kingston has been conducting courses very similar to degree-granting courses at various universities. I am pleased to announce that by arrangement between this government and the government of the province of Ontario agreement has now been reached whereby the Royal Military College will have the privilege of granting degrees.

[Mr. Smith (Hastings-Frontenac).]

Mr. Fisher: A supplementary question; will those degrees be granted with the same amount of academic training as exists at the present time, or will they require a further academic year?

Mr. Pearkes: No; they will be granted at termination of the fourth year at the Royal Military College.

PUBLIC SERVICE

HALIFAX—STATEMENT ON REPORTED LAY-OFF OF EMPLOYEES AT CITADEL HILL

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on June 19 the hon. member for Northumberland-Miramichi asked the Acting Minister of Labour a question regarding employment at the Halifax citadel. Since this comes under my department I thought I could give the information the hon. member was requesting.

The number employed at the Halifax citadel in an average summer would be in the region of 30 to 35 persons, and of those we keep about 10 who are employed on a year-round basis. Last December, as a means of relieving unemployment in the area, arrangements were made to add to that number, and as a result a total of about 70 men were employed during the winter and early spring. The winter employment program came to an end on April 30, and since that time we have been gradually cutting back the staff until there are now 46 on the job.

It had been planned to make still further reductions to bring the employment level about to that pertaining in a normal summer. However, in view of the unemployment situation in the area, and also having established that there is still useful work that can be performed, I have authorized them to keep on this work as long as the money in the vote lasts. I am sure hon. members will be pleased to hear that employees at the citadel who had previously received notice that their jobs would be coming to an end will now have been advised that there will be continued employment for some months.

TRANS-CANADA HIGHWAY

INQUIRY AS TO POSSIBILITY OF SECOND ROUTE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Public Works. Is the government formulating any plans for entering into financial arrangements

with the provinces for the construction of a second trans-Canada highway?

Hon. Howard C. Green (Minister of Public Works): Any policy in this regard would be announced in due course.

Mr. Howard: I wonder if the minister has read the newspaper account in last Saturday's Vancouver *Sun* which sets out in some detail plans for this highway, and refers to the financial arrangements?

Mr. Green: No, I have not read that, but I get quite a bit of advice on this question.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, June 20, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

Mr. G. W. Baldwin (Peace River): Last Friday, Mr. Speaker, I was attempting to relate what the Minister of Finance had said about the projected expansion of this country under this government to the question of railroad construction in the north country. I was making fairly heavy weather with my French when fortunately I was interrupted by Your Honour at five o'clock.

Before going any further, I should like to give briefly some of the background to this question of railroad construction in the north country. I am doing this because from what I know, confirmed by an examination of the records railroad development in the Peace river country has been a sorry record of neglect, delays, frustrations and broken promises. It is quite obvious that one injustice has been done to the people of the Peace river country, and I hope to see that another is not committed as well.

The Peace river country is not part of the western prairies, nor is it part of the true north, but a connecting link between the two. Many of the people who went overland to the Yukon came through the Peace river country. The first white man to cross this continent came down from the north along the Peace and wintered close to the town of Peace River, then went on the next spring to the Pacific coast. I refer to Sir Alexander Mackenzie. I know these things, sir, because from my home, four miles from the town of Peace River, I can see the hill known as Mackenzie lookout, in the shadow of which Mackenzie built his fort. Along the trail past my home went the people who travelled to the Yukon. There is a further grim reminder, possibly, that this area forms the natural gateway to the north in the fact that recently teams of archaeologists have been seeking in our country some confirmation of the fact that countless generations ago people crossed the Bering strait from Asia and so came into the centre of this continent.

In earlier times the large railway companies could or would never accept the fact that our country constituted a natural road to the north, both from the centre of the continent and from the west coast. It was necessary for the province of Alberta to construct railways into the area.

The province, of course, was limited by its boundaries and financial resources, but all during the 1920's there was a constant effort made to persuade the government of Canada and the railway companies to construct an outlet to the Pacific coast and also to build toward the Northwest Territories.

I have been able to find a great number of references to this, particularly in the speeches made by the late Mr. D. M. Kennedy, who was the member for Peace River from 1921 to 1935. He was supported by such members from British Columbia as General Clark, Hon. Harry Stevens, Senator McRae and John Fraser. These men were amongst those who had sufficient foresight to understand the necessity for the construction of this outlet.

I should like to continue, however, with regard to these promises by referring to a statement made by the then prime minister, Mr. Mackenzie King, speaking in Edmonton. The reference is contained in *Hansard* for 1926-27, page 2214:

> "It is the policy of the government of which I have the honour to be the head to introduce a vigorous policy of immigration which will people the vast areas of undeveloped country in the great west," declared the Right Hon. W. L. Mackenzie King, premier of Canada, when addressing a mass meeting of the citizens in the First Presbyterian church last night.
>
> The future prosperity of this country is bound up in the development of its great natural resources, and to develop these resources it is necessary to have a large increase in the population of Canada. There is to the north of this city a great tract of land that is crying out for development. The Peace river country is amongst the richest in Canada, but before the proper development of that country can take place an outlet to the Pacific coast is an absolute necessity. I pledge myself that as soon as it is humanly possible the great Peace river country will be given that measure of railway relief that will bring to the pioneers of that country the outlet they have been so long denied, and will open up the country for prospective settlers.
>
> "The times that we are passing through are very difficult, and I would ask you to have a little patience, and in as short a time as possible, a railway outlet will be provided for the Peace river

and northern Alberta districts that will open up an era of prosperity for that country which will not be equalled by any other province in Canada."

However, this was an election speech; and since it was a promise made before an election I examined the speech from the throne of the following year with some care. I had to look through it twice before I found any mention of the Peace river, and then I found this promise had shrunk to this insignificant statement; "that in due course steps would be taken to further colonization and settlement in other fertile regions such as Peace river". This was as far as the matter went. This is typical of the treatment given to the people of that area in so far as this all-important question of railroads is concerned.

Now, as a matter of fact some survey parties were sent out, and they came back muttering about tonnage, population and economics. At that time we had only 20,000 people. Our railway tonnage was 110,000 tons going out of the country and 50,000 tons going in.

I recognize that we cannot be starry-eyed and visionary about this question of railroad construction, but I submit that railroads and their construction should be regarded as an instrument of national policy. They were considered in that way by the people who made this country, and I feel that the same consideration should be given today. If Sir John A. Macdonald and the people who constructed the C.P.R. had stopped to confer with hordes of chair-borne statisticians the C.P.R. would never have been constructed. Western Canada would still probably be a vast hunting ground for the buffalo or, more likely than that, we would have fewer provinces in Canada and there would be more stars in the United States flag.

In 1929 the Alberta government sold its railroad system to a statutory corporation created by the government of Canada. What was known as the Northern Alberta Railways was created, comprised of equal ownership by the C.N.R. and the C.P.R. By the statute of incorporation this railroad, the N.A.R., was authorized to commence construction of and given authority to build a railway to the Northwest Territories. The statute is chapter 48 of the 1929 statute. There is one particular part of the schedule I should like to read into the record because I think it has some bearing on what I propose to say. This new statutory corporation was authorized to lay out, construct, maintain and operate—

—a branch line from a point at or near Grimshaw in a generally northerly direction to a point that will when surveyed approximate to a point in township one hundred and eleven, range nineteen or twenty, west of the fifth principal meridian, thence in a generally northerly direction approximately parallel to the Hay river to the northern boundary of the said province.

That is precisely the route which we in the Peace river country advocate today. It follows precisely the same route which we advocate today on the question of this railroad which has been projected to Great Slave lake.

Considerable exception was taken in the house at that time by those who were interested and had some knowledge of the situation to the way the N.A.R. was formed. They said the creation of a statutory corporation of that kind comprising equality of ownership by the two great railway companies which were actually competitive was not a good thing for Peace river. Actually that is the way it turned out, because not one mile of railroad was ever built in furtherance of the suggestions made in 1929 when that corporation was created. It was actually left for the province of British Columbia to build this coast outlet, which it did when the P.G.E. was eventually completed into the Peace river country; and only a few days ago I understand the first train from the coast came up and across the Peace river at Taylor Flats in British Columbia.

The excuse of the major railway companies was that they did not think there was sufficient tonnage or population. I recall Sir Edward Beatty in Peace River saying that just as soon as our production was ten million bushels of grain, that would justify a coast outlet. Later on he was speaking in Edmonton, and I have here a quotation of his that was given in this house by Mr. J. A. Sissons, who was the member for Peace River from 1935 to 1940. Sir Edward Beatty then said what all of us knew to be correct:

That north country needs a settlement plan and needs it quickly, and together with that there should be a program of rail development.

The Peace River district impressed me most favourably. But its one major need still is that of increased settlement. I am confident that the country could absorb at least twice the population it now bears.

I certainly intend to suggest to the federal government that it embark on a broad policy of settlement for the north. Extension of rail facilities to go hand in hand with colonization. That is something that should be axiomatic.

We have reached and far surpassed all the figures that have been suggested with regard to population, tonnage and crop production. Our crop production is many times that which Sir Edward Beatty had in mind. Our population is four times that which existed at the time former prime minister Mackenzie King made his statement in Edmonton. Our tonnage going out is ten times that which it was in 1924. That argument no longer should serve as an excuse.

As a matter of fact I think we have ample confirmation of the truth of the statements our people had made earlier. As a result—and I think it is no accident that the two matters that have come to pass are linked together—of the projection of the P.G.E. to the Peace river country in the last two years, we have seen the beginnings of industrialization and growth. In the small southwest area of the Peace river country comprising part of my constituency and part of that of the hon. member for Cariboo (Mr. Henderson) there are a large plywood plant, two oil refineries and the beginnings of a petrochemical industry probably running into $30 million or $40 million and ultimately two or three times that much.

That has come about, I submit, as a result of the fact that at long last the coast outlet was brought to Peace river. I hold no brief for Premier Bennett, but I think it is only proper to pay tribute to him for the industry, initiative and intelligence he has exercised in directing that railroad into our country. I can only assume that it was because of the years he had spent as a member of the Conservative party that he acquired those characteristics.

We now face the question or the problem of constructing a railroad into the Northwest Territories. In that regard I should like to refer to a statement by Hon. Charles Dunning, who was minister of railways in the King administration. It was truly a pertinent one. This is what he said during those debates which took place in 1929 on this bill creating the Northern Alberta Railway. Speaking about this railroad into the Northwest Territories he said:

> I believe I shall live to see the day when there will be a railhead on Great Slave lake tapping the resources of that great northern area.

This indicates what was intended at that time; and having in mind the countless numbers of people who went in there on the basis of promises of that kind, I submit it should be considered when we now come to deal with this question of a railroad into the north country.

Quite recently the government of Alberta established a royal commission known as the McGregor commission to inquire into the development of northern Alberta, which by the terms of reference was defined as being that part of Alberta lying to the north of the 55th parallel of north latitude. This commission has made a very extensive survey and I commend it to hon. members in so far as facts and statistics are concerned, though I must say I disagree very violently with some of the conclusions derived from these facts.

Included in these statistics is information relative to undeveloped agricultural area, including certain territory which the commission designates as arable and other lands which are said to be possibly arable. I checked the figures with my own personal knowledge derived from almost 30 years' residence in that country and continuous travel through all parts of it, and I agree with their views which give a maximum of 14 million acres of undeveloped agricultural land with a potential production running into some $600 million to $700 million a year.

Certainly there is no doubt that here is the last great source of undeveloped agricultural country on the North American continent. I do not like cliches, yet the phrase "great inland empire" I think could nowhere be better applied than to this particular country. But empires, like all living organisms, must have nourishment and this empire was in grave danger of destruction, of dying stillborn because of lack of transportation facilities.

Following along the Peace river, the Northern Alberta Railways and up to the Northwest Territories, are people who for many, many years have struggled against tremendous odds to try to maintain themselves in that country. I say to the hon. members of this house, particularly those who come from agricultural constituencies, think of the problems of these people who have to pay 40 cents to 50 cents a bushel for wheat in order to bring it down to the railhead, $10 a head for cattle, $3 for other stock and so on. These are extreme examples, of course, and as you approach closer to the railroad the figures become somewhat less.

There is also the reverse side of the coin, and we must consider that everything which goes into that country requires an extra toll from the people because of the cost of transportation. We have every problem and every difficulty faced by people in other parts of Canada, but we also have this immense difficulty with respect to transportation owing to the great distances involved. On the economic scale there was slowly but surely being poured into the balance, the weight of these figures and if we had continued under the methods established by the previous administration there could have been but one inevitable result, stagnation and ultimate extinction.

That is why the people of my part of the country were so glad to hear of the program of national development planned by the Conservative party, as national development of course to us means primarily northern development. We were glad to hear of the construction of a railroad to the south shore of Great Slave lake, and to learn that we had not waited in vain for this railroad which, provided it commences at or near Grimshaw

and goes through the Peace river country, will bring many obvious benefits to us.

I would like to mention the mineral production of the Pine Point area of the Great Slave lake region which, since it could reach the market at a cost which would make it competitive, would be a great step forward; but this is only the beginning, and there are many other tremendous considerations. The Northwest Territories would have the advantage of obtaining food supplied from an area comparatively close at hand which would substantially reduce the cost of living. The farmers providing these supplies would have a corresponding advantage by being able to increase their sales, and the new and expanding secondary industries of our country would find their markets increasing in both area and population.

The orthodox development of oil and gas would favour the route through the Peace river country, that is to say through the western part of northern Alberta. The figures given to the McGregor commission by the oil and gas conservation board of Alberta show as a minimum that 8,000 wells will be drilled by 1980 in the area affected by this railroad, at which time there should be an annual production of 62 million barrels of oil and 230 billion cubic feet of natural gas. This is a controlled production based on market requirements, and there are very interesting tables on pages 59 and 60 of the McGregor report with regard to this aspect of development.

The proposed route would serve 90 per cent of the people of northern Alberta, including those living on the British Columbia side of the Peace river, which provides the largest concentration of people and thus potential labour north of the 55th parallel in Canada, which I must say contrasts quite pitifully with what is believed to exist in the same latitudes in Russia. There is an excellent forestry potential with respect to both timber and pulp, and there are also first class hydro power facilities in the area to be served. The cost of construction would be reasonable, since there are no bridges of any consequence nor are there any substantial grades. Finally, having in mind the diversity of potential production, the railway would not be exclusively dependent on minerals which, being non-recurring resources, often cause the abandonment of railways and of towns.

The McGregor report recommended an alternative route. If this should be adopted, which I hope it will not be, I am quite certain many of the pioneer farmers of our country may well give up the struggle, which would result in a large exodus from some areas. I have recently been receiving an average of 50 to 75 letters a day with respect to this matter, many from people I know personally as pioneers of the area, all urging me, as I hope they have urged the members of the government, to take these things into consideration when a decision is reached with respect to the route to be adopted when building this railway.

These people, and there are thousands of them, have held on grimly and tenaciously over the years in the face of considerable obstacles. They have cleared their lands, built homes and become good farmers—which they had to do in order to exist at all—and have also become good citizens. They have raised and educated their families, expanding the perimeter of civilization. So far they have done all this without too much help from government sources. They know nothing of national housing and very little of unemployment insurance benefits. For many of them some of the ordinary assistance available to agricultural producers has also been lacking. Even the benefits under the Can. Farm Loan Act have only recently been extended to some of the northern regions, and then only to a limited area close to the railroad. Despite these disadvantages, however, they have always held before them the hope that some day, somehow, at the end of the rainbow, there would be the construction of a railroad.

Many of us, of course, knew that a realistic appraisal of the national and world situation, so far as agricultural commodities are concerned, would make it difficult to justify, and indeed that it might be found impossible to construct that railroad having in mind only the agricultural aspects of the matter. We did however feel, as we still feel, that an additional incentive has now been provided by the further discoveries of minerals in and around the Great Slave lake area. We believe, therefore, that when the railroad is built it should be built through the Peace river country. We should not and we must not abandon these people. They must not be content to be second class citizens if they wish to remain in their country, or to have only one alternative, namely to give up their homes and everything for which they have struggled and move elsewhere.

If we permit them to leave behind them everything they have built up we shall be abdicating our responsibilities and failing in our duties. I suggest this railway is a fair test of what lies ahead in respect of northern development. Are we to consider human resources as being of paramount importance? Do we want to fill the country with people or are people to be subservient to the privilege and interests of those concerned in exploita-

tion? We are confident that the Conservative party, with its history and traditions—and this government has expressed its views by actions and utterances in recent months—will recognize our position and will appreciate that railroads exist to serve the people and not people to serve the railroads.

We have been told that a highway may be constructed as a substitute for this railway, that is to say a rebuilding and extension of the Mackenzie highway which now runs over 400 miles from Grimshaw to the port of Hay River on Great Slave lake. We welcome the fact that we now have this indication of the firm intention of this government to thus develop the northland, but I say this is not an alternative for our agricultural producers, who simply cannot develop farming communities at a distance of 40 miles or more from railway facilities.

As a matter of fact I am being a little optimistic when I say 40 miles, for I have in my hand a volume entitled "The Settlement of the Peace River Country", which was written by Professor C. A. Dawson, professor of sociology at McGill University, and Professor R. W. Murchie, professor of sociology at the University of Minnesota.

Their position as a whole strengthens mine. Here is what they have to say:

> In the older settlements of the prairie provinces there are few farms more than 10 miles from the railway. Productivity fades before the twentieth mile from the railway is reached; beyond that it declines with great rapidity.

The McGregor report states that the need to stimulate agriculture in the north country remains open to question, and I assume that other people may entertain the same opinion; but if so they are not taking the long range view, as I propose to point out later. In any event I want to say that our agricultural economy is largely becoming, and will be even more in the future, one of mixed and diversified farming tailored to help us sustain our role as supplier of the Northwest Territories, as well as being geared to the exigencies of the larger world picture. Our people are realists, and the Peace river country has the necessary requirements so far as land is concerned to go into the type of production which will find and is finding markets, and we are turning away from the commodities which are surplus.

Such being the case, is it not a far better thing to do what is necessary to quicken the stirring of new life by opening this country, by establishing the many communities which will provide the necessary services along the new railroad through the country to Great Slave lake, than to accept the defeatist and narrowly pragmatic attitude which is inherent in this other type of thinking?

I believe that the appointed purpose of this land is that it should be made available for the many, a home for all who wish to come; and there will be many who will wish to do that. Any railroad construction and any development which aims at a lesser result is an abuse of the trust we have had bestowed upon us. "Without vision the people will perish" surely applies here, and this government has a vested interest in that phrase.

At this point I want to make it absolutely clear that anything I have said is not meant to suggest that the railroad should be built through the Peace river country without regard to the proper and natural aspirations and the development of the eastern half of northern Alberta. As and when, and that time may well be now, the economic development of that area and the requirements of Canada as a whole justify railway branch lines or highway construction or navigation improvement, then by all means they should be undertaken. But I submit as strongly as I possibly can that at the present time a branch line to the north which disregards the logical needs, and fails to give effect to the long held prayers and hopes, of the people of the Peace river country is wrong.

It has been said that the sole responsibility for providing communication to these people in our country rests with the provincial government, and I admit that it is a responsibility which Alberta must share, having in mind that the Northern Alberta Railways was originally constructed and operated by the province of Alberta. However, I would point out that most of the settlement came into the north country from 1912 to 1935, and that prior to the passage of the statute which implemented the agreement for the transfer of natural resources from Canada to Alberta in 1934, Canada alone had control of the land settlement. The homestead and land officers were those of the senior government, and the people who went into this northern area were encouraged to do so by the Canadian government. So the responsibility should be shared jointly among the province of Alberta, the federal government and the railway company.

Certainly the statement made by Mr. Dunning to which I referred previously with regard to this line to the north was accepted by many who went in there as a firm indication of the government's intention, and I know as a fact that many people who went into the north country did so because they honestly believed that this line would be built and that it was the intention of the government and of the railways to proceed with it. Certainly the department of northern affairs felt that way in 1956, because they presented a brief to the Gordon commission. On page

24 of the brief there was a map—I believe it was submitted by Mr. R. G. Robertson, commissioner of the Northwest Territories—which shows this railroad projected into the Great Slave lake area, and it shows it starting from Grimshaw. On page 29 of this report on the economic prospects of the Northwest Territories I find this:

> A railway to Great Slave lake will not be just another railway. It is not a railway to a lake or to open a mine or to serve a community. A railway to Great Slave lake will be one of the great development railroads of the country. It will not bring population to the Northwest Territories to the same extent that the western railroads brought it to the prairies; but it may well bring in the years ahead a comparable increase in the wealth of Canada. This railway is quite different from most of the branch lines constructed in recent years which were destined to serve one mine, or a group of mines; its purpose is to open up a whole new region.

What I have said so far may be construed as being on a purely limited and local basis, but I submit that examined against the larger background of the national interest the answer comes out precisely the same. A branch line from Grimshaw to Great Slave lake would permit agricultural and other products from the northern and the Peace river country to seek their natural markets. We hold no brief for or against any particular area, but we wish to encourage our products to flow to the Pacific coast or to the east as economics may dictate.

The Acting Speaker (Mr. Rea): I am sorry, but I must advise the hon. member that his time has expired.

Mr. Pickersgill: Let the hon. gentleman finish his paragraph.

The Acting Speaker (Mr. Rea): Is it the unanimous wish of the house that the hon. member be allowed to continue his speech?

Some hon. Members: Agreed.

Mr. Baldwin: Thank you. Some consideration must be given to the fact that the development of the Peace river country will lead to an influx of people and will to some extent syphon these people from the larger areas to which they have been attracted in ever increasing numbers in the last few years.

While I recognize that one cannot turn the clock back, and that the general tendency is toward people coming together in large cities, there is an inherent danger in this. In a news item in the Halifax *Chronicle Herald* of Tuesday, May 6, I observed a statement from the population reference bureau, a United States agency, that our neighbour to the south is today suffering acute social and economic problems because the population has grown quickly and concentrated in cities, and this bureau's reference points out that Canada is heading in the same direction.

I see no reason why we should not avoid this or at least minimize it, by encouraging people to go to the north country where there is the space and there could be the opportunity under the right conditions, based on proper railroad facilities. I am quite confident that there is still present in our people the spirit of adventure and the desire to make a new country that originally persuaded those from the older parts of the world to come to the new world.

Then is it not possible that in the final analysis the ability of Canada in the future to furnish food as and when required may be the deciding factor in the world struggle that envelops us? I would suggest that appeasement, not in the sense that it was used in the earlier days of Munich but appeasement of the hunger of the many millions who belong to the yet uncommitted countries, may be the answer to this struggle. We hear talk of agricultural surpluses, but I suggest that apart from wheat and one or two other products the normal increase in population, naturally and by immigration, may leave us in a position of balance in the not too distant future. In that regard the figures I have given previously indicate our potential, but you cannot make that production available as you would turn on a tap. There must be railroad construction followed by settlement, clearing and cultivation of land, providing of marketing facilities, establishment of communities to give service, and many other things. Even if the gleam in the collective eye of the Peace River people was transferred to the board of the draftsman tomorrow, I would thing that from 15 years to a quarter of a century might well go by before a reasonable percentage of the production potential is available.

In conclusion, Mr. Speaker, I submit that it is not sufficient to build a railroad just to transfer large quantities of minerals out of the north country to be processed elsewhere, so that at the end of 20 to 30 years we may have only a gigantic hole in the ground in the north to show for it. I agree that mining is tremendously important and must play a great part in our development, but this development must be complete and well rounded, and will be a failure unless eventually it results in the populating of our country.

There is a phrase that nature abhors a vacuum. If we do not fill it we may well find that some other country may do so. Thus when we propose railway extensions

we should think in terms of 50, 60 or 80 years; and he will be a reckless man indeed who will say that based on that consideration the building up and settlement of a country like that which lies in the north, capable of a diversified economy, is open to question. Here is a great land, a fair and fertile country, stretching from Grande Prairie and the oil fields of Valleyview in the south hundreds of miles northward to the south shore of Great Slave lake; a country which is capable of maintaining a substantial civilization and of serving as a natural and proper passage from the settled areas in the south of Canada to the great storehouse of the north. Here is a chance to deepen the present limits of settlement. We must not ask this country or the people who have helped to build it or the people who wish to go to it, to wait another 40 years.

I have good authority for this point of view, and I call to my support the statements of two great Canadians who at different times have stated their views in this house. Here is what Sir John A. Macdonald wrote in a letter to Sir Stafford Northcote on May 1, 1878:

> I shall not be present; I am an old man, but I shall perchance look down from the realms above upon a multitude of younger men—a prosperous, populous, and thriving generation—a nation of Canadians, who will see the completion of the road.

Sir Wilfrid Laurier, speaking in this house with reference to the building of the Grand Trunk Pacific Railway, said:

> We cannot wait, because time does not wait; we cannot wait because, in these days of wonderful development, time lost is doubly lost; we cannot wait, because at this moment there is a transformation going on in the conditions of our national life which it would be folly to ignore and a crime to overlook.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, before dealing with the subject I wish to discuss today, I should like to call attention to two significant events in the history of this country, both of which are taking place this year.

First I would like to call the attention of hon. members to the British Columbia centennial. When I was president of the Young Liberals Association of Canada, I had several opportunities of visiting that beautiful province, and was always impressed by the unforgettable scenery and the charm of the people of British Columbia. I therefore ask hon. members who represent that province in this house to please convey to the people of British Columbia our congratulations and best wishes.

I would also like to recall the fact that this year we will be celebrating the 350th anniversary of the founding of the city of Quebec by Samuel de Champlain. A visit to that beautiful capital of the province of Quebec, that old historic city, is always a moving experience. As a matter of fact, it is one way of reliving the history of the beginnings of the colony. Quebec, with its monuments, houses and parks, has a charm which is equalled only by the hospitality of its citizens.

Quebec city authorities have decided to mark this occasion by impressive celebrations and, last Saturday evening, they opened the first of a series of events designed to commemorate the 350th anniversary of the founding of the city. Mr. Speaker, that occasion is such as to be of interest to all Canadians, in every part of this country, since it is on that spot that, 350 years ago, civilization, christianity and French culture were permanently established. It is from there that discoverers and settlers departed for all parts of this lovely land of ours, Canada.

After the conquest of Quebec by the English, some 150 years later, our English-speaking fellow citizens brought over with them from England those various British institutions which we enjoy at the present time, including parliamentary freedoms. On the occasion of the 350th anniversary of the founding of Quebec by Mr. de Champlain, I would like to congratulate citizens of that city and extend to them my best regards.

I would feel remiss, Mr. Speaker, in not pointing out the immense contribution made by Canadians of French descent to the life of this nation. On the eve of the feast of the patron saint of French Canadians, I should like to mention that the history of this country began under a French civilizing influence and that we are now, as I said a moment ago, participating in a larger sense in the life of this country as a whole. I said a moment ago that tomorrow we shall be celebrating the feast of the patron saint of French Canadians. We will do so in a spirit of true Canadianism, conscious of the fact that our French culture is a contributory element to the life of the nation.

Mr. Speaker, I had a good reason, just now, to speak of the celebration of the 350th anniversary of the foundation of Quebec by Mr. de Champlain. It is well to recall that on the Plains of Abraham may be found two monuments, those of Montcalm and Wolfe, who are admirably expressive of Canadian unity, that unity which binds those two great

races which, in due course were joined by all those other groups of Canadians, of whatever origin they may be.

Mr. Speaker, on such important occasions as these, gifts are always in order. I would have thought that this government would have marked those two anniversaries by gifts to the people of Canada. However, the only gift they saw fit to offer us was the Fleming budget, one that will be long remembered. The first Conservative budget in 23 years, it is a deficit budget, a tradition with the Conservative system. It is the modern version of the great blackout years, and I would call it the "blackout budget".

(Text):

In his speech the Minister of Finance has repeated the same old Tory principles which have not changed and which, as always, will carry the nation in the wrong direction. As is customary for him the Minister of Finance took very long to say very little, but it did not take very long for the hon. member for Kenora-Rainy River to burst the balloon which was let loose in the House of Commons by the Minister of Finance. At this stage I wish to congratulate the hon. member for Kenora-Rainy River for the manner in which he answered the budget speech. His remarks were solid, realistic and constructive, and were worth much more than the funny, amusing, flippant and light remarks delivered by the hon. member for Carleton. His speech was all wind—

Mr. Pickersgill: All wind and no sail.

Mr. Rouleau: —and one got the impression that he was engaging in an oratorical contest.

(Translation):

At the beginning of his remarks, the hon. member for Carleton (Mr. Bell) sought to deride the opposition, stating that they were taking their roles as critics rather literally.

(Text):

I hope the hon. member for Carleton was in his seat and understood my remarks in French.

(Translation):

That is an amazing statement on the part of a member, Mr. Speaker. To speak this way, he surely failed to read the speeches of former years when members of his party sitting in the opposition came out with countless and protracted lectures, always complaining about being gagged. If he would only read them he would see that they freely indulged in the worst kind of nonsense.

He should also reread, for his own guidance, the remarks which the Prime Minister (Mr. Diefenbaker) made in this house on November 17, 1953, as found on page 99 of *Hansard* and I quote:

We are in the opposition. We have our responsibility to discharge, to maintain our constitutional system. There can be no freedom without an opposition, strong and fearless to criticize, and above all to provide suggestions and ideas as an alternative to those advanced by the government.

Again for his guidance, the hon. member for Carleton should go to the trouble of reading over—if he has the time, the patience and the courage to do so—the speeches made by the present ministers when they were in the opposition.

As for us, who sit on this side of the house, conscious of the fact that we represent at least 2½ million people who voted for us in the last election, we will continue to defend what we consider right and in the nation's interest, unheedful of anyone's toadyism.

The hon. member for Carleton who, I admit, has a certain zest, quickness of repartee and a degree of wit which would make him a first-rate comedian on the CBC, tried to take our minds off the deficit of almost a billion dollars which the Minister of Finance announced in his budget speech.

He also tried to take our minds off the monsters of unemployment and economic recession which we now have with us. He went even further, trying to give the impression that the Liberals had done nothing in the 22 years they were in power, and were responsible for the present situation.

It reminds me of the Bible picture showing a statesman who, delivering a righteous man to be crucified, was washing his hands to free his conscience.

Mr. Speaker, the responsibility for governing this country lies with the present Conservative government. Let them therefore finally accept those responsibilities which are theirs and stop acting like young hopefuls.

We, in the opposition, assume our own responsibilities. Our role is to scrutinize the actions of the government and to make constructive suggestions.

In his reply to the Minister of Finance, the hon. member for Kenora-Rainy River (Mr. Benidickson) stated our approach to the situation which now faces us. He also stated what we think of the deficit budget presented by the Minister of Finance. His speech was a synthesis of Liberal opinion.

Last Friday, the hon. member for Carleton intimated that the Liberal party was a house divided against itself.

Accustomed as they are to travelling in a one-man car, with nothing to say or do but let themselves be led along, accustomed to following the dictates of their leader, without thinking or reflecting, they cannot realize that the Liberals, though inspired by the same political doctrine, are able to express themselves in personal terms without always

keeping an eye on their leader to see if he approves, disapproves or even motions them to sit down, as happened here in this house.

As regards unity, Liberals have nothing to learn from the Conservatives. It is enough to remember what happened at the Conservative convention where the present leader of that party was chosen, in December 1956, when a faction of the Conservative delegation walked out in protest against the choice of the Prime Minister as leader of the Conservative party.

Mr. Lambert: Were you there?

Mr. Rouleau: I had the privilege of witnessing, on television, that unspeakable gesture, and I can assure you that it was not highly impressive either for people in politics or for our Canadian fellow citizens.

Mr. Speaker, there is another difference at the basis of that disunity right here in the house. One has but to appreciate the deep difference in the thinking of Quebec Conservatives whose leader is Mr. Duplessis of the Union Nationale, and of Conservatives from other provinces. One has only to compare the speech made by the hon. member for Bellechasse (Mr. Dorion), setting out the doctrine of the Union Nationale chieftain, the doctrine which inspires the Quebec Conservatives who sit in this house, to the speech from another member— I see that my friend, the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) finds this a laughing matter, although he has not yet seen fit to break in on my remarks.

Mr. Ricard: Because they are childish.

Mr. Rouleau: He is perfectly aware of their aptness and that is why he thought he had better not break in sooner, as he usually does.

As I said, one only has to compare the speech made by the hon. member for Bellechase with that of the hon. member for Danforth (Mr. Small) a few days before the end of last session, a speech which very aptly sums up the old Tory philosophy which still haunts the Conservative mind.

As far as we are concerned, we have always stood united behind a unanimously elected leader. All of us stand united behind the same leader, whatever our racial origins, whatever our province.

Mr. Ricard: With a few exceptions.

Mr. Lambert: Ask delegates from western Canada.

Mr. Rouleau: In the leader of the Liberal party, the present Leader of the Opposition, we have a man admired the world over, a man looked up to by all his fellow citizens. We Liberals in this house, members of the Liberal party, all admire him, are happy to serve under him, and will continue to serve the country when we are called upon to do so, as we have done for 22 years, giving to our country a sound administration, in spite of anything that might be said by the member for Carleton (Mr. Bell) and his friends.

Mr. Lambert: It is going to take quite some time.

Mr. Rouleau: The Liberal party took over the administration of this country in a deplorable condition, after only five years of Conservative administration and, under the leadership of Mr. Mackenzie King and the Liberals, the economy of the country was restored to such an extent that Canada was able to put up, during World War II, an effort which compared with that put up by all our allies. And, in spite of the war, Mr. Speaker, in spite of the effort we had to sustain at the time, the Liberals were able to promote the economy and trade permanently and to such an extent, that until last year, Canada was never so prosperous and Canadians had never known as high a standard of living. While engaged in that war effort, while promoting the country's economy and trade, the Liberal government of the time was able to achieve substantial reductions in our national debt, to insure full employment and to establish a national revenue that had never been equalled at that time.

In 1949, we had a surplus of $595½ million, and in 1957, a surplus of $257½ million was forecast. Under the Conservative administration which came into power in June 1957, that surplus quickly melted away.

As for employment, Mr. Speaker, there were, in June 1946, 4,738,000 full-time workers in Canada and this number kept increasing in the following years to reach, in June 1956, a record high of 5,504,000.

As for national revenue, Mr. Speaker, in 1949 it reached $2,777 million, to attain in 1957 a record high of $5,106 million. While achieving those records I have just mentioned, from 1935 onwards the Liberal party had managed, among other things, to create from scratch an air transport system unparalleled in the world; it had managed to establish a National Research Council, one of the most powerful services devoted to the well-being of our nation and country. Those are but a few examples of what the Liberal administration did both for the nation and for the country at large. And I have not mentioned yet the social security legislation which was introduced under the Liberal administration. To name but a few, may I point out old-age pensions, pensions to the blind, family allowances, et cetera.

To hear the hon. member for Carleton talk, Friday afternoon, you would have thought that all these things had come about automatically. No, Mr. Speaker, all these things did not come about of themselves, still less through Conservative action; they all came about under a Liberal administration, through men who knew how to give leadership and to think in terms of the future. And while we were thus leading the country into unprecedented prosperity, the Conservatives kept whining and carping.

Today, they sit on the treasury benches and submit, after twelve months of administration, their first budget in twenty-three years. It is a budget typical of Conservative governments as we have known them in this country. Friday afternoon, the hon. member for Carleton forgot to tell us anything about unemployment and recession. My friend, the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) asked him to mention those, but the hon. member for Carleton chose to avoid assuming any responsibility for today's unemployment and economic recession, and to put the blame on someone else. I protest against such irresponsibility in this Conservative government. Since this government is managing the country's business, let them shoulder their responsibilities. They can no longer claim to be a minority government, and they often betray their lack of experience.

The result of their administration since June 10, 1957, is significant. In June 1957, there were 162,000 unemployed whereas, in March 1958, the number had risen to 600,000. Since the Conservatives took power, our national revenue has been steadily decreasing. The former Liberal administration's surplus has now become a deficit, a deficit that will probably reach a billion dollars this year.

Conservatives should not try to shift to those who sit on this side of the house, the responsibility for relieving unemployment and restoring prosperity. The government has conceived a sick child and has no right to abandon it and to disclaim responsibility for it. Let the government take care of their sick child and, if they do not know the appropriate remedy, we shall be only too pleased to prescribe one. It is up to this government to give the dose of medicine, and if it fails to do so, this government alone must shoulder the blame.

The management of public affairs is not a game, but an art, and a difficult one, that the Conservatives do not seem to have mastered. It is not a surrealistic art, which can be improvised; it is an art that requires realism and an ability to face the problems which threaten the nation, so as to solve them and to provide for the future. Any person endowed with this art cannot deny that present unemployment is more than seasonal, that the decline in our economy is abnormal and that the so-called "recession" increasingly takes on, from day to day, the look of what, in the thirties, was described as a "depression".

Thanks to the social security measures taken by the Liberal administration, we have not reached that point yet, Mr. Speaker. Those measures are now helping out our fellow citizens across the country who are in an exceedingly dangerous position in so far as our economy is concerned. We have unemployment. Consumption of our products has dropped. The volume of our finished products, here in Canada, has dangerously faltered. Our exports have also declined dangerously. Our capital investments are no longer increasing.

What could be the solution to that problem? It is to create employment immediately for Canadians by taking the necessary steps so that our plants may work at full capacity. Moreover, it is necessary to stimulate trade and construction. To that end, vast public works projects must be initiated. However, the Conservatives have brought nothing new along that line.

In fact, if we go back to the speech delivered by the hon. member for Laurier (Mr. Chevrier) at the beginning of this session, we see that the public works announced during the last election campaign by the right hon. Prime Minister and by our friends opposite had been provided for by the former administration. The public works program submitted by this government is but a rehash of projects already decided upon. By carrying them out, the new government brings us, in fact, nothing new. When the right hon. Prime Minister speaks about the construction of a road in the Canadian Northwest Territories—and I do not question the value of that project—I wonder how this could help solve the unemployment problem. I wonder how our workers could share in that work. I cannot picture them leaving Montreal in the morning, with their lunch box under their arm, and coming back home at night. I do not see how the construction of a road in the Northwest Territories could solve the problem of unemployment in our great Canadian cities. This means of dealing with unemployment which is proposed by the government is wholly inefficient.

In my opinion, we must expand our foreign trade, rather than divert it, as was announced in the budget speech.

The leader of the Liberal party said in Toronto, on March 21 last:

> The Liberal trade policy has been and will be based on expansion not on diversion.

Mr. Speaker, we need new markets and we must expand our present outlets. In 1947, 37 per cent of our trade was carried out with the United States whereas, in 1957, the ratio was 60 per cent. In 1939, our exports amounted to $321 million, in 1947 to $1,034 million and in 1957 to $2,819 million. We should increase our sales to our present customers, such as the United States. We should be finding new outlets. We should further develop our market with the United Kingdom and elsewhere. We should find markets everywhere in the world for our products. However, the most radical, immediate and practical way to solve the unemployment problem is to stimulate our economy and, to that end, it is important that we create purchasing power in Canada by an immediate though temporary reduction of taxes.

The Pearson plan, submitted in the last election campaign, contemplated an immediate $400 million reduction of taxes paid by Canadians. This program was approved in principle by the *Financial Post*, the New York *Times*, the *Globe and Mail* and even by the Prime Minister who, on March 15, 1955, in this house, quoted Mr. J. K. Galbraith, professor of economics at Harvard, as stating that a reduction of the personal income tax was the best practical way of restoring a weakened economy. And the Prime Minister added: "I believe that there must be a reduction of taxes." Besides, the Minister of Finance spoke likewise in 1956 in a speech he made in this house.

The leader of the Liberal party was in good company, because Mr. Nixon, the Vice President of the United States said:

(Text):

If the economic picture should look worse, he reaffirmed, a tax cut rather than major new spending programs would be "the fastest, the best and surest method" of government stimulus. Such a cut, he said, must give money to "investors and job creators, as well as consumers", not simply providing an election-year "handout".

(Translation):

Those then, Mr. Speaker, are the steps that could have been taken to serve the Canadian people and to put an immediate stop to unemployment. Why is it that the Conservatives, their chief and the Minister of Finance find themselves unable at this time to practise what they were preaching back in 1955 and 1956, since the present situation requires such action? Why don't they cut taxes right away and let people have more to spend on various products, thus stimulating the economy and creating employment? The government would have been well advised, before bringing down its budget, to pay more attention not only to the various briefs presented to the ministers by that important organization, the chambre de commerce du district de Montréal, but also to the Pearson plan. But instead of that the Minister of Finance chose to bring down a deficit budget, that will do little to restore the economic balance in this country. He is content with granting each Canadian a tax reduction of 49 cents per person.

Last week I read an article written by Mr. Guy Fournier in *Le Petit Journal* of June 22 1958. I found this article quite amusing. To my mind it is a good indication of the reaction of most of our Canadian people. Here it is:

Our 16 million Canadians will be saving 8 million dollars in taxes between now and the end of this year, that is about 50 cents per capita. That feature of the federal budget brought down Tuesday evening by Hon. Donald Fleming, Minister of Finance, has placed me on the horns of the worst dilemma I have ever encountered in my career as a taxpayer. Here I am, faced with the obligation of saving 50 cents, that is a half dollar. Never in my life have I managed to put aside such a sum and, to use words of the budget, I feel that I will be reduced to a "record peace time effort . . ."

When faced with sums of that magnitude, one has to be serious. So that I may benefit from this windfall, I have to make a choice between the various following solutions.

If I could manage to have myself knocked down by a car—which is the easiest thing in the world in Montreal, especially on Park avenue, down which I go every day—I could deduct from my income the price of the ambulance, on condition however that the medical costs involved are greater than the prescribed minimum.

This had seemed to me a fascinating solution, until it was pointed out to me that it is not easy to obtain an ambulance. I then thought of buying a "culvert for sewers" or "diesel fuel oil for use in generating electricity", two items exempt from federal sales tax.

Alas, I am using the town sewer and I should have bought a diesel motor, especially as I have been told that only municipalities may be exempted.

As a last resource, I considered for a while giving my mother-in-law some flowers, as the minister has repealed the sales tax on "cut flowers". By showering her with posies I might, at the end of the year, save my quota of $0.498 in taxes. The plan was not so bad, but I would rather wait until the government abolishes the sales tax on potted plants!

I had almost finished perusing the budget speech, —without taking a single sip of water, like Mr. Fleming,—when I discovered an item that saved my life.

Believe it or not, but until the end of the year I shall save the 49½ cents allotted to me by the budget.

In stocking up "condiments and food supplements for addition to poultry feed", which have been exempted from sales tax, I shall save 33 cents. And if I buy some material used for seed cleaning, I can add another 17 cents to my savings.

I will complete the $0.496 by purchasing some of that "rodent poison", on which the minister also abolished the tax.

That, Mr. Speaker, told in a somewhat humourous vein, must be the impression that the Canadian people had when the Minister of Finance made his budget speech and, if

the situation was not so tragic, we could conclude with Mr. Guy Fournier:

Thanks just the same, Mr. Fleming!

(Text):

Hon. J. M. Macdonnell (Minister without Portfolio): Mr. Speaker, it is a great pleasure to me to take part in the debate on this budget which is the first budget produced by my old friend the Minister of Finance (Mr. Fleming). He and I had long worked together in the service of the party to which we belong. We entered parliament together in 1945. We shared a room for the first four years. I have watched with interest and admiration his progress to the position which he now holds which is based on industry, ability and reliability.

That was easy to say and to believe but from here on in it is not so easy. It seems to me it is difficult to support a budget—it is hard suddenly to shift oneself across the gangway—which has not been effectively criticized.

The attitudes toward the budget might really be divided into three classes. There are those who praise it and who are fairly large in number. I am referring now particularly to the press. Then there are those who are neutral, who do not wish to praise it openly but who in the phrase of a friend of mine praise it with faint damns. In their hearts they really praise it but they just do not like to come out and say so. Then of course there are those who really criticize it. I suppose they must be doing it sincerely but in the case of these real criticisms that I have run across, and to which I shall refer later, I confess that with whatever capacity I have for taking a realistic attitude they seem to be so far fetched and so wild that I can hardly believe they uttered them; though they uttered them, I can hardly believe they meant them. I shall refer to those later.

Of course it is perfectly clear that the budget was received with considerable equanimity and why not? It was merely putting into arithmetic what the people knew. The people had been warned in various ways. The Prime Minister (Mr. Diefenbaker) had said that if it was a matter of choice between debt and deficit on the one hand and unemployment and suffering on the other hand the choice would be made in favour of the relief of unemployment and suffering. The Minister of Finance said the same thing.

[Mr. Rouleau.]

Mr. Pickersgill: I wonder if I might be permitted to ask the hon. gentleman a question?

Mr. Macdonnell: Yes.

Mr. Pickersgill: Could the hon. gentleman give the occasion on which the Prime Minister said that before June 10, 1957?

Mr. Macdonnell: No. I do not know that I could give the date. The Prime Minister has said that, I believe, both before and after June 10. Of course this was what Canadians voted for on March 31 last. After all, it does not make sense, with Canada's real resources, to permit a temporary world condition to condemn its people to want. As I have already indicated, the press had been pointing out that a slow-down was gradually making itself felt. Happily there are now signs of a turn-up. I should like to quote briefly from the *Globe and Mail* which said:

In framing his government's first budget, Finance Minister Fleming was compelled to draw a line somewhere between the requirements of an expanding national economy and a drop in revenues imposed upon the nation from external sources.

And again they said:

Instead of being a "sick budget", as described by opposition critics, it offers convalescent aids for an economy whose ills were aggravated by mistaken policies of the late Liberal regime.

Then the Toronto *Star*, believe it or not, gives the minister grudging praise.

Some hon. Members: Oh, no.

Mr. Macdonnell: Yes. They said that he overcame what they call "his prejudice against deficit spending in time of recession". The truth is that they had no warrant for believing that any such prejudice existed. But even that fraction of approval from the *Star* indicates something new.

I should now like to refer to certain signs of approval which occurred and which pleased me, certain signs that things were not as bad as might be suggested in certain quarters. I will read a few headlines, first from the Toronto *Telegram* on June 18:

Sharp Tightening Anti-Dumping Laws Aids Industry Here

From the Toronto *Star*, June 18:

Save Fifth of Mill on Sewers—Budget

The new federal budget could have "far-reaching effects" in long-term savings for Metro taxpayers on the huge sewage system program now under way,—

I read another headline from the Montreal *Star*:

Universities Praise Income Tax Action

I read from the Ottawa *Citizen*:

Removal of Sales Tax Helps City's Finances

From the Toronto *Telegram* again:

Applaud Move to Up Tourist Buying in U.K.

The article reads in part:

Ontario Hydro chairman, James Duncan, who served as leader of the Canadian Trade Mission to Britain last fall, today applauded the revision in duty-free purchase allowance for Canadians abroad as an excellent move.

I shall have occasion to say something more about that later. There was even a report—I cannot put my hand on it at the moment—that there was a good deal of pleasure existing or hope given to those who cannot speak for themselves. I refer to the dumb animals. Yes here it is. The *Globe and Mail* of June 19 says this:

Finance Minister Fleming may not have sent the farmers whooping with glee up and down the concession, but there was one section of his budget speech that seemed certain to bring joy to the hearts of the cows, pigs, chickens and the rest of the barn population.

To be specific, he said it was time the sales tax was removed from "certain agricultural, horticultural and forestry goods" such as "stock conditioners, condiments and food supplements for addition to poultry, cattle and other stock feeds.

In other words, it put a bit of flavour into things at the manger level.

I now want to come briefly to the speech of the financial critic. I rather sympathize with him because I have made some efforts in that line myself. There were the usual phrases that we have heard such as "bluff and bragging", "empty as a bird's nest". Then there was one interesting word that he used, namely "gobbledygook". I suggest that if he looks up the meaning of that word in the dictionary, he might be surprised at the word he has used and he might find it of some interest. I am not going to expose it here and I am not going to spend much time on the hon. member because I thought that the crashing broadsides from my friend the hon. member for Carleton (Mr. Bell) fairly well dealt with that speech. However, there is one quotation from the speech upon which I do want to comment seriously because the comment was made seriously, and I believe it is quite misleading. He said this:

One could certainly argue for spending and deficits, if they are not aimless but rather are planned, comprehensive and vigorous enough proposals to provide incentive, to provide lift, to perk up the economy.

Now I suppose it is fair to assume that what the hon. member had in mind when he said that was the kind of thing which was used in the Liberal campaign, and I would now like to refer to some of the promises made. I am anxious to be very clear about all these things which were promised in view of the actions which have been taken since last autumn and the obligations which have been assumed by the government and which are included in the present budget which, as we all know, produced a deficit. In other words, when these proposals by the opposition were made these government proposals were in effect and have been embodied in the budget and, what was proposed was actually an additional deficit of $400 million. These are the figures which were bandied about and I believe it is very important that we should bear in mind that those figures were, and were intended to be, in addition to the measures which had already been announced, carried out and voted upon by the opposition last autumn.

It is interesting to observe that between February, when the campaign began, and the end of March, when it ended, things steamed up a bit and the promises, I thought, became a little more remote and a little less justifiable; in fact, a little more the product, quite obviously, of the excitement of the moment. I do not propose to go into details too deeply but I would like to quote from the Ottawa *Citizen* of February 10 last, where there was a headline saying, "Advances Plan for More Jobs in New Boom." We were going to have a new boom! Then there were all the other things—the marriage tax allowance, the basic exemption for married couples in the first three years $4,000 instead of $2,000; lower income tax; special reduction of excise tax on cars; aid for small business; municipal loans; highways; social security and youth. I will spare you the rest of the details.

On the same day, as reported on February 11 in the *Gazette* we had a headline, "Crash Program for Jobless Promised". The use of the word is interesting—it might have been a different kind of crash from that which was intended, but at any rate that was the word used. This is a Canadian Press item quoted from the *Gazette* of February 11, and it says:

His election platform—

This is the Leader of the Opposition (Mr. Pearson), of course—

—outlined at a press conference was centred on an unemployment crash program—

But it included a wide range of promises from $400 million worth of tax cuts to special aids for cities and towns and outlying regions. It would appear, therefore, that my figure of $400 million was conservative, because this was to be $400 million plus. Then we get a further report on March 22 when the Leader of the Opposition was at a great party in Toronto which was described in the Ottawa *Citizen* of that date as a carnival. They were having a great time and, by the way, there was a really delightful and new idea at this party—six tax free weeks. A tax cut for six weeks. There is something very nice about that, something that attracts everyone. We all in our hearts disapprove of taxes and we all feel the world would be a much better place if there were no taxes. Here the Leader of the Opposition was going to give us six tax free weeks, and I am sure he felt he was really going to do something! It is perhaps fair to point out that this was done in what is described as a carnival spirit, for the newspaper said:

> The Liberal leader announced the new pledge to rousing cheers from some 2,800 party workers gathered in carnival spirit at a Massey hall rally. Clowns, horn-tooters, bands, balloons, confetti and other stage gimmicks enlivened the rally as the 18 Toronto and York Liberal candidates were introduced.

It does not say that the Liberal leader was a clown but it says there were clowns there and horns and tooters and balloons and confetti and other such gimmicks. There is a sour note at the end; the reports says in the last paragraph that only one of the 18 Liberal candidates in this area was elected in the last parliament. Perhaps it is not very kind to remember that that one member is now cold and dead, and I think it is fair to excuse the Leader of the Opposition in the midst of all this confetti and horns and tooters and clowns. We should deal very gently with him under these circumstances and not be unkind.

There is one other quotation I would like to give, this time from the Windsor *Star* of March 14, which is headed, "Takes Aim at P.M." This refers to the hon. member for Essex East (Mr. Martin), who was calling for tax reductions to improve the purchasing power of Canadians, the immediate removal of the excise tax on automobiles and the provision of missile orders for the automobile industry. I presume these missiles were to be used in the ordinary course of warfare and were not in any sense directed against the Conservative party but at any rate this was his contribution to the situation. Some of these suggestions had as I said a romantic appeal; for instance the double exemption for young married people, and as I say, nothing was left undone to attract people.

These are the things which I presume the hon. member for Kenora-Rainy River (Mr. Benidickson) had in mind when he spoke of perking up the economy, and it therefore seems to me that we might have expected some of these proposals in the amendment proposed. But there was nothing to warrant that belief in the amendment. Where are all these ideas? They were not nailed to the mast and I imagine they have been thrown overboard by now.

Here is the wording of the amendment, which I think is rather an anaemic affair:

> This house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction.

I will have a little more to say on trade restrictions in a few moments, but I feel that certain fellows of the baser sort are trying to exaggerate such matters. However, nothing in the resolution talks of any of this $400 million proposal. All it suggests is that we have failed to cope satisfactorily with the recession. They knew what we were doing and in fact they voted for many of the things we have done, so if anyone knew what was coming, they knew.

The hon. member for Kenora-Rainy River had a good deal to say about the failure of the Minister of Finance to provide what he calls anti-recession medicine. I would like to say a word about that. The Minister of Finance, I consider, outlined very clearly and simply the things which might be done. He divided them into three parts and discussed them all—tax reduction, public investment and income maintenance. Let us look at these three divisions.

Firstly, tax reductions amounting to $178 million; public investment under housing, as the Minister of Public Works (Mr. Green) pointed out, provided for 100,000 men being employed under the far-reaching credit arrangements made. Housing, resource development, improvement in transportation; tens and tens of millions have been spent in those fields.

Then, again, there has been assistance to provinces and municipalities; and in income maintenance there have been increases in old age pensions, veterans benefits, unemployment insurance, to name only some of the things which have been done and in my opinion the Minister of Finance was justified in referring to this as involving expenditures of hundreds of millions of dollars, and he went on to say —and he was justified, too—that the timing was good. I think the timing was very good. If hon. members will remember, the housing industry, which had been lagging, was stimulated last summer and the results since then have really been quite remarkable.

Other things were done at the same time which prevented the recession going further, and I think that while governments must not take too much to themselves we are entitled to take credit for the fact that the comparison with the United States, for example, is now greatly to our advantage. Retail sales in Canada are ahead of last year, while in the United States they are 6 per cent down. Production in Canada is down by 5 per cent; in the United States it has declined by 12 or 13 per cent. I think that is a fair comment on what the hon. member for Kenora-Rainy River had to say about anti-recession measures.

Now I come to the criticism which has been made by our old friend the Winnipeg *Free Press*. The Winnipeg *Free Press* permits itself some comments on the tariff proposals which have been made by the government comments which—and I am trying to choose my words carefully—I can only regard as wholly irresponsible. There is an old adage which says that speaks of the person who given an inch takes an ell. But if you give the Winnipeg *Free Press* an inch, they take a mile.

On the one hand, the paper admits that "the immediate tariff changes are not large" but adds:

> Mr. Fleming left no doubt that they are merely a start of what is to come. Even so, they spit in the face—

This delicate language may perhaps result from the putting of heads together between the hon. member for Kenora-Rainy River who used gobbledygook and the editor of the *Free Press*.

> —of the British proposal to free and increase trade with Canada; they raise our tariff against one of the things—woollens—that Britain can best sell to us.
>
> In one small move, the government has made nonsense of all the talk about more trade with Britain with which it attracted votes. Where we will be when it gets beyond the small beginnings is almost past imagination.

Now I should like to try to deal with these wild and irresponsible utterances in sensible language if I can. First, some comments on the facts of the tariff changes. All the tariff changes are extremely small—

Mr. Pickersgill: Like the housemaid's baby.

Mr. Macdonnell: Some are up, some are down. It is not quite clear whether the net result will turn out to be a rise in tariffs at all. As regards some important items—iron and steel, pipes and tubes and others—the result was really simplification and modification without any significant change up or down. They were also presented to the GATT signatories as a balanced package of increases and reductions and they were accepted as such.

The *Free Press* concentrates particularly on the wool tariff, as is to be expected. This industry had a special claim on humanitarian grounds. Yes, I repeat it, and I do not apologize for the word "humanitarian". The industry, as pointed out by the tariff board, which is not a sentimental organization, is by and large a small town industry. As the tariff board report points out:

> Very often even today it is the industrial backbone of semi-rural communities. It is currently giving employment to several thousand Canadians . . . Partly because of its long association with scores of localities, it is part of the warp and woof of Canadian life.

I suppose it comes as near to being an indigenous Canadian industry as you could get. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) smiles, but I ask him to think it over. I make that statement seriously and if he will himself inquire as to the number of these small mills there are in small communities in Canada I think he will realize there is a good deal to be said in favour of it. I continue quoting from the tariff board:

> Often in its own area it provides the only opening for skilled and semi-skilled labour.

This action is in accord with a statement made by the Prime Minister on June 5 to the Canadian Manufacturers' Association in the following words:

> On the domestic front, the government of Canada cannot be content merely with a high gross national product. We are concerned, in addition, with the welfare of each individual citizen. The constant objective must be to attain for each individual his fair share of the produce of this land, and this can only come about in a condition of fullest employment.

Moreover, earnest attempts are being made to make up to the British the loss which will be incurred. A special concession to enable tourists to buy more in the United Kingdom without having to pay duty, will help in this regard.

In addition the Prime Minister said:

> The tariff board's recommendations relating to wool fabrics involve a change only in the British preferential tariff. For the time being the present most favoured nation rates, as bound under the GATT will continue to apply. But it is our intention to renegotiate item 554b as soon as possible with a view to restoring the margin of British preference.

I suggest that in these circumstances even the most convinced free trader would find it hard to resist the argument, particularly in view of the promise which the minister has given.

I should like here in answer to the *Free Press* and its wild statements to recall, briefly, what the minister said about the broad trade objectives.

> 1. To achieve expansion, diversification, better balance, and greater stability in our trade with all countries;
> 2. To extend and strengthen Canada's trade and economic relationships with the commonwealth;
> 3. To support and promote a regime of law, order and morality in the field of international trade; to respect the spirit and intent of international commitments; and to stand ready to defend our rights and interests if they are challenged or ignored;

And I should like to interpose here for the benefit of the *Free Press* to remind them that we in this party have welcomed GATT, supported it from the outset and regarded it as part and parcel of our economic life ever since. I go on to quote from the minister:

> 4. To recognize the legitimate needs of Canadian producers; and to safeguard them against unfair trading practices;
> 5. To promote the balanced growth of all sections of Canadian industry and agriculture.

Now I come to the second and perhaps even more preposterous criticism of the *Free Press*. In the same issue that paper charged the Diefenbaker government with what it calls "a great deception". Let us see what this great deception is. According to the *Free Press*, the Minister of Finance last December "refused to look ahead to the fiscal year in which the tax cuts would have their effect. Now, he says the principal tax changes affecting the present fiscal year were introduced and approved by parliament last December."

The *Free Press* continues:

> They were made, but, as Mr. Fleming now admits,—

I think that is wholly incorrect.

> —they were made without an accounting for the year that they, together with all the government's spending plans, actually affect. This is the great deception of which the Diefenbaker government is guilty. In the election it went to the country with its measures but without the bill for them.

Mr. Pickersgill: Perfectly true.

[Mr. Macdonnell.]

Mr. Macdonnell: How far can captious criticism go? On December 6 last the Minister of Finance set out the effect of the total tax reduction in a full year. In the course of his speech he also pointed out that there had been an increase of some $100 million in public service salaries. He referred to the effect of increase in old age pension, veterans benefits, dealings with the provinces, and gave the total. Moreover, the legislation involving the increases was passed unanimously in the House of Commons, and everyone was aware of what was going on. To refer to this as a "great deception" is simply a misuse of the English language. There is no foundation for it whatever. The Canadian Tax Foundation and any other intelligent observer was able to calculate with considerable accuracy the amount of the deficit before it came.

Mr. Pickersgill: The Minister of Finance could not calculate his own deficit.

Mr. Macdonnell: Oh, come now.

Mr. Pickersgill: He said there would be an $80 million surplus and there was a $40 million deficit within three months and if that isn't deception—

Mr. Macdonnell: Well, things happened within those three months—

Mr. Pickersgill: They certainly did.

Mr. Macdonnell: —and they were events outside the control of even such an august person as the hon. member for Bonavista-Twillingate.

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a question of privilege.

Mr. Chevrier: What is the privilege?

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate said, "If that isn't deception—" referring to statements of mine in this house. That is not a proper remark to make. It is not parliamentary and I ask that it be withdrawn.

Mr. Chevrier: Picayune.

Mr. Pickersgill: Mr. Speaker, I have the greatest pleasure in withdrawing the remark and substituting "an egregious error".

Mr. Fleming (Eglinton): That is at least parliamentary.

Mr. Bell (Saint John-Albert): And it is 53 years old, too.

Mr. Chevrier: You should not interrupt your colleague's speech this way.

Mr. Harkness: Nor should you.

Mr. Chevrier: Oh, I am enjoying this.

Mr. Macdonnell: The third criticism I wish to mention, Mr. Speaker, is taken from a publication for which I have great respect, the *Financial Post*, in these words:

> One of the most astonishing assertions in the budget speech is that which, by implication, declares our export industries to be of little or no importance. And here we refer to Mr. Fleming's satisfaction with the continuing premium on the Canadian dollar over the American dollar.

The *Financial Post* attributes by implication what they call a most astonishing assertion by the Minister of Finance that he "declares our export industry to be of little or no import". All that the minister did was this. In the course of his statement on the financial situation he naturally had to deal with the Canadian dollar. He gave a simple, straightforward statement pointing out the advantages and disadvantages to exporters and importers of the premium on the Canadian dollar. Here are some of his words spoken on June 17, 1958, as recorded at page 1234 of *Hansard*:

> —a change in the external value of the Canadian dollar brings gains to some Canadians and losses for others. The exchange rate is determined by the interplay of forces operating in the exchange market through their effect on the supply of and demand for United States and Canadian dollars. While our exchange fund is used to limit the effect of short-run fluctuations in these forces, we do not attempt to reverse persistent market trends.

Could a more matter of fact, detached, realistic statement of the situation be imagined? And yet the newspaper permits itself to read into this statement a declaration that our export industries are of little or no importance.

I wish to add a word about the Canadian dollar. The Canadian dollar was set free in 1950 without any serious question being raised either inside parliament or out. The compelling reason was that with the heavy influx of money from outside Canada it was found extremely difficult to control speculation in Canadian funds and the financial authorities felt in these circumstances it was in Canada's best interest to set the dollar free. So far as I can ascertain, since then there has been no request from any responsible Canadian quarter that the dollar should be again pegged. I leave the matter there. I can only hope that the *Financial Post* for which I have great respect will recede from the position it has taken.

And now just a word or two about the recent speech of the hon. member for Assiniboia (Mr. Argue). What a grand time the hon. member had the other day in speaking in the budget debate. What free wheeling, slashing and swashbuckling! He really had a gale behind him with all the sails full and drawing well. I am sure he enjoyed himself. If I may mix sail and steam I would comment that he was under such a full head of steam that I shall not attempt to follow him in his headlong career. I will quote only one of his hyperboles as recorded at page 1470 of *Hansard* of June 20, 1958:

> I had expected until a very few weeks ago . . . that the government would continue for some time on the road it took last session, a road of progressive legislation, a road to improve the economic lot of the ordinary people of the country.

I must thank the hon. member for Assiniboia for those kind words. I think I should read that sentence again:

> I had expected until a very few weeks ago . . . that the government would continue for some time on the road it took last session, a road of progressive legislation, a road to improve the economic lot of the ordinary people of the country.

I regret that the hon. member for Assiniboia is not in his seat to accept my thanks for his accurate description of the legislative program of this government. However, he went on to say:

> But I have been fooled. They have now halted that forward progress. . . . Last session we saw the progressive face of the Progressive Conservative party but now we see the conservative face, the Tory face with the mask off.

What fun the hon. member must have had saying that. The name of our party is a double-barrelled name and the hon. member could not resist the temptation of making a contrast. I am sure it pleased him and his colleagues.

Mr. Deschatelets: What he said is quite true, you know.

Mr. Macdonnell: I am coming to that in a moment and after you have heard what I am going to suggest I believe you will change your mind about that.

I am glad that the hon. member for Assiniboia felt that last autumn we were on the road of progressive legislation. I would suggest to him that this change which he describes so dramatically is a change only in his own mind. Let the hon. member go and read the speech from the throne delivered on May 12 last. He will find that it is still full of progressive legislation, that it is still the intention of this government to improve the economic lot of the ordinary people of the country. As I have said, I suppose our double-barreled name intrigued him and drew him on to make that statement in which he really accused us of having a split personality. The Conservative party does not have a split personality. In spite of his fulminations the hon. member does have moments of realism

and I suggest that if he will take the cure I have prescribed for him he will come back and say that his wild statements were not justified.

I have been advised that my time has almost expired—perhaps I have become too enthusiastic, too,—but I wish to speak about the commonwealth conference about which a great deal has been said in this house. I want to recall that on March 27, 1957, the present Prime Minister asked the then prime minister, Mr. St. Laurent, who had just returned from a meeting in Bermuda with President Eisenhower and Mr. Macmillan—and I think Sir David Eccles and Mr. C. D. Howe the then minister of trade and commerce were in attendance too—if there had been any discussion of a trade and economic conference and the answer was highly unsatisfactory. The then prime minister indicated that apparently Mr. Macmillan had some idea concerning a conference to be called in London but as far as one could judge from reading the record it had not greatly excited Mr. St. Laurent. It did not seem to mean very much to him.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Fleming (Eglinton): His time is almost up.

Mr. Pickersgill: Surely the hon. gentleman recalls that that proposed prime ministers' conference was not an economic conference at all.

Mr. Macdonnell: I tried to make clear what Mr. St. Laurent said about the views of Mr. Macmillan and I submit that no one reading the record would come away with the feeling that Mr. St. Laurent was interested in the proposal for the holding of a commonwealth economic conference. But what about our present Prime Minister? The present Prime Minister was sworn in on June 21 and on June 23 he went to London to attend the prime ministers' commonwealth conference. I would like to recall what Mr. Macmillan said in this room just ten days ago as recorded at page 1150 of *Hansard* of June 13, 1958. Addressing the Prime Minister, the prime minister of the United Kingdom said:

> —you came post haste from a general election to the commonwealth prime ministers' conference. I shall always admire the way in which you arrived almost at a day's notice.

That is quite true. He continued:

> Nor can I forget that at that conference by your inspiration and persistence there were sown the seeds of the commonwealth trade and economic conference to which we are looking forward with such high hopes.

Although my time is short I want to say that the preparations for that conference are being pursued with the greatest energy. The Minister of Finance has been holding meetings of ministers and senior civil servants. There has been a preliminary meeting in London at which civil servants from all over the commonwealth have been taking part. There is no doubt but that this proposition has been considered in the most serious way. I am sorry I have not time to say more about it but I would like to go on to my conclusion.

I believe this is a good budget and when people look back on it they will realize that it was a compound of cautious realism and temperate and constructive courage. That is what I believe and I believe in their hearts that is what other people believe. I would suggest to hon. gentlemen opposite that they realize it was a very good thing that their promise of a $400 million larger deficit was not taken up by the Canadian people.

I would also like to say that in this budget there is optimism but there is also wise warning. The minister said in his closing paragraph at page 1250 of *Hansard*:

> But we live in a world of realities.
>
> Moreover, I confess my concern over costs of production and prices in Canada. Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.

Farther on the minister said:

> I echo the warnings issued by the Prime Minister (Mr. Diefenbaker) to all sections of the Canadian people in appealing to all, whether employers, employees or self-employed, to have regard for the general interest in the returns they seek for their services and products. One must depend upon the sense of responsibility of free men and women not to demand more than their fair share of the national income.

He then went on to proclaim the fact that the role of government is limited, and that in a democracy the burden comes down squarely on the shoulders of every individual citizen. I believe the Minister of Finance has shown us the way to work through our present difficulties and to emerge on a new level where we shall be able to resume the advance temporarily interrupted.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, before I deal with some of the matters that are contained in the address of the Minister of Finance (Mr. Fleming) I want to take half a minute to say something else to the minister. I express the hope that before he grants any further financial aid to this fair capital city of Ottawa, or to the federal district commission, he take serious note of the warning that the hon. member for Assiniboia (Mr. Argue) and I sounded in this house last week when we appealed for the abolition of firetraps in this city. I regret

very much to read in this morning's newspaper that yet another human life has been lost because of fire in the slums of Ottawa within a stone's throw of the beautiful parliament hill. I feel it is very poor policy indeed for the minister to want to spend millions of dollars to build a beautiful green belt around Ottawa when the heart of the city is in such urgent need of redevelopment and renovation.

On Monday last I had the privilege of spending a day in the most beautiful part of Canada, the lower mainland of British Columbia. Because of the kindness of the soviet ambassador in Ottawa a number of members of parliament were finally put on a par with the members from Ontario and Quebec in that we for once were able to spend a weekend at home. However, when I was at home I was profoundly shocked to find, at this very early date after the election, the extent to which this government had already lost the confidence of those who had voted for it as late as March 31 last. We have previously warned in this house that this new government which was elected with such an unprecedented majority was in this position. The expectations of action on the part of this government were higher in the minds of the people than they had ever been in any government in Canadian history. Because those expectations were so high therein might lie the reason for some of the disappointment of the people at the present time. Now that they have read about the budget the disappointment will be even worse. Perhaps it was reflected in the results of the election on Monday last in the province of Manitoba, where the Campbell government held much firmer than most Canadians had expected it to hold, where the C.C.F. representation in that house was increased by more than 100 per cent and the Conservative vote in the course of 11 short weeks was sliced in half, and all this despite the very hard efforts of all the Manitoba members in this House of Commons, who left the ship of state at Ottawa to take part in that election campaign. I know they will faithfully record their absenteeism when they collect their wages at the end of this month.

While in British Columbia I spoke to the farmers there. They are disappointed. They are disappointed because as a floor price is established for one commodity after another it is becoming obvious to them that they are going to be guaranteed 80 per cent of the income they had been receiving. The government's promise of last session that the greatest regard would be paid to the cost of production seems to be entirely ignored in the floor prices that are being set up. Our unemployed are still unemployed. I believe this week the supplementary insurance benefits expire. Our unemployed are now faced with the unpleasant and humiliating task of becoming wards of public or private charity, or of becoming a burden on their local municipal relief officers. It is no longer good enough for this Conservative government to say that the Liberals are to blame for the present high level of unemployment.

This past week the Tory party celebrated its first year in office, and after one full year in office the unemployed of Canada are no longer satisfied with the Tory government blaming the Liberals for the plight in which they find themselves. For a married man with a family, with monthly payments on his home and taxes on his home which are growing each year, with payments for furniture, medical bills, and so on, there had been some hope in the Diefenbaker announcement that no one would suffer because of unemployment. However, they have been unemployed since last fall and if our government members think that unemployment insurance over a course of six or seven months in the case of married families will prevent suffering, then maybe they ought to attempt to exist on that measly weekly allowance for six or seven months and I am sure they would agree that they had suffered.

If those unemployed cannot find work in the summertime—and we are now nearing the middle of summer—what will their lot be next winter? The prosperity corner of the late R. B. Bennett is becoming very round indeed for the unemployed of Canada.

The small businessmen to whom I spoke were also filled with great expectation. We are told that the small businessman is now receiving the consideration of this government. According to newspaper reports it may be that the small businessman is going to be able to receive advice—I presume advice as to how he can run his business, how he can get more hours of work out of his employees or out of his family in the grocery store. At any rate, advice is going to be given, I understand, by a special branch of the Department of Trade and Commerce.

The workers who are now employed, and they still constitute the vast number of Canadian people, are living in constant fear that their services may no longer be needed. We see lay-offs in many industries involving thousands of men with many, many long years of service. I refer to railway workers especially. Some years ago the Minister of Transport (Mr. Hees) claimed in this house that the lay-offs of men in railway yards were completely unnecessary and yet now, time after time, he tells us that nothing can be done to help the unemployed railway workers.

Other workers are finding each day that the taxes on their homes and other costs of living are rising month by month. They note the net earnings of their employers, and yet when they ask for a share in the earnings of the corporation to meet these rising costs of living and to bring their wages in line with their growing productivity, they have not only the bosses to contend with across the bargaining table but they now find that even the Prime Minister (Mr. Diefenbaker), at Winnipeg, has told them to hold the line. Even the Minister of Finance said in his budget speech, as recorded at page 1250 of *Hansard*.

> I echo the warnings issued by the Prime Minister (Mr. Diefenbaker) to all sections of the Canadian people in appealing to all, whether employers, employees or self-employed, to have regard for the general interest in the returns they seek for their services and products.

Now labour is fully aware of what that warning of the minister means. The minister, however, nullifies his own plea with the preceding remark to this statement when he says:

> —but to an important extent prices are the result of competition among the various economic groups which compose our nation, each striving for a greater share of the national product.

Then, later on he says this:

> This budget has been born of confidence in Canada's future, not blind wishful thinking, but unshrinking realism.

I wish the government would use a little bit of this unshrinking realism when it advises labour to hold the line in its dealings with employers. When labour is at the bargaining table they have to consider whether the corporation with which they are bargaining can pay higher wages and remain in business. Labour has to consider the effect that a strike might have on their own immediate families and on their communities. Labour has to consider the public inconvenience that might follow if they withhold their labour. Labour has to consider what bargaining power the organization really has. However, let us use some of this realism and admit that as long as we maintain our present economic setup the employer will charge all that the traffic will bear. If he does not, in modern day circles he is considered an inefficient businessman. All these people, our unemployed, our workers, our farmers and our small businessmen expected action to be outlined either in the speech from the throne or in the budget speech.

This budget is a typical Harris budget. I would not go so far as to say it was an Abbott budget. Somewhere along the line a few years ago the Liberal party lost its way and it became an ultraconservative party. Possibly Mr. Harris was the perfect example of that. I find very little difference between the language of the first Conservative budget and the last one introduced by the Hon. Mr. Harris, the last Liberal minister of finance.

There is nothing in the budget that is really of any major significance for these people. Oh, yes, in the budget there is an announcement that we are going to borrow more money. The government is going to borrow $200 for every man, woman and child in Canada during this fiscal year. They are going to borrow an unprecedented amount. We do not oppose deficit financing, but at the same time we recognize it as a tool with which the capitalistic system can occasionally give itself a shot in the arm. We allow excess profits to be taken year after year. We allow the farmers and workers to be denied the fruits of their labour, and then things come to an end. Then we turn around and have to borrow this money back from these people who wrongly took it from the farmers and the workers in the first place. All that is left of the farmers and workers is that they must pay back the money and pay interest on that money which is rightfully theirs. Deficit financing is very decidedly not a socialist approach. If you did not keep denying the workers the fruits of their labour you would not run into this snag where you have to borrow back this money in order to get it back into circulation.

Before asking labour to offer any co-operation in the solution of our problem let us consider what has been done to labour over the past several years. I am always a little surprised at some of our Christians who wonder why the task of the missionary amongst the coloured races of the world is so difficult. The answer is not very difficult to find. The Christians entered the areas of the world inhabited by the coloured peoples, they exploited them to the hilt and then, by way of the Christian church missionary societies, used a tiny fraction of their ill-gotten gains from the sweat of the coloured man in an attempt to reform the coloured man to the Christian faith. If labour is supposed to hold the line, they certainly expect a little more than pious appeals to the employers of Canada that they hold the line. Pious appeals are just laughed at by these people when they meet in the board rooms. It is a sign of weakness today for a business administrator to exercise any compassion, to respond to an appeal of this type.

I should refer specifically to what the minister did say. I should like to compliment the minister upon the goodly number of admissions that he made during the course of his

speech. On page 1231 of *Hansard*, he said, referring to the past 18 months:

In Canada unemployment emerged as a serious problem—

The minister says that over the past 18 months unemployment has emerged as a serious problem, a fact that they were denying in this house last fall. In fact it was not until after New Year's that government benches began admitting the emergence of some unemployment. For many long months they intended to label it, and did label it, as merely seasonal or regional. Now the minister in his budget speech says that for 18 months unemployment was becoming a serious problem in Canada. Why did the Prime Minister not tell the electorate that before March 31, instead of informing the electorate he could assure them we were past the peak so far as unemployment was concerned. If anyone ever deliberately, at election time, misled the people of Canada, it was the Conservative party.

Mr. Fleming (Eglinton): I rise on a point of order. The hon. member has just allowed himself to say that the Prime Minister deliberately misled the Canadian people. This is an entirely offensive expression. It is untrue to begin with, but quite apart from that it is completely unparliamentary and I ask that the hon. member be required to withdraw it.

Mr. Chevrier: If I understand the hon. gentleman rightly, the statement was made outside of the house.

Mr. Fleming (Eglinton): No. He just made it right now.

Mr. Chevrier: The statement was made concerning activities outside the house. If he is referring to a statement made concerning activities outside of the house, then it is not unparliamentary language, I submit.

Mr. Fleming (Eglinton): Perhaps the hon. member for Laurier (Mr. Chevrier) was not paying attention. In any event, he has completely missed the point. I am referring to something that has just now been said in this house and it has been said in terms that are not permitted in this house. It is not permitted to one hon. member to say of another hon. member that he deliberately misled. That is unparliamentary.

Mr. Speaker: I understand that the point of order is this. The minister objects to the expression used about the Prime Minister (Mr. Diefenbaker) namely that he deliberately misled the electorate.

Mr. Regier: If I may, Mr. Speaker, I should like to say that if the Minister of Finance had not been so hasty in rising to his feet he would full well have heard that what I said was that this was deliberate deception on the part of the Conservative party.

Mr. Fleming (Eglinton): That does not help the matter.

Mr. Pickersgill: That is perfectly proper and normal.

Mr. Speaker: I understand that the hon. gentleman who has been asked to withdraw certain words now says that he did not apply them to the Prime Minister but to the Conservative party.

Mr. Fleming (Eglinton): But, Mr. Speaker, he did say that of the Prime Minister. He used the expression "the Prime Minister".

Mr. Argue: You have to accept his word for it.

Mr. Fleming (Eglinton): I do not accept his word as to something that was said in this house. He has used the words "the Prime Minister deliberately misled the electorate". Those words are not parliamentary and, Mr. Speaker, I ask that you direct that he withdraw them.

Mr. Speaker: Let us understand clearly what is the point of order and what we are discussing. As I understand it, the point of objection that was taken was that the words complained of referred to the Prime Minister, that he had deliberately misled the electorate. The hon. member now says that he did not say that of the Prime Minister but that he said it of the Conservative party.

Mr. Fleming (Eglinton): Mr. Speaker, he can say that he wishes to withdraw earlier words and substitute something else but he did use the words that the Prime Minister had deliberately misled the Canadian people and I ask that they be withdrawn.

Mr. Speaker: Do I understand that if the hon. member used the words or that if they could have been taken as referring to the Prime Minister he withdraws them with respect to the Prime Minister and that his reference is to the Conservative party generally? Is that the position?

Mr. Regier: Mr. Speaker, I said that, in the Prime Minister assuring the people that we were past the peak in so far as unemployment was concerned, that was a deliberate deception on the part of the Conservative party.

Some hon. Members: Oh, oh.

Mr. Regier: The minister was rising and did not listen to the last half of my sentence.

Mr. Speaker: From what the hon. member now says it is clear that the imputation is that what the Prime Minister said was a

deliberate misleading of the electorate. That is the point I shall have to consider, as to whether or not that is an infringement of the rules of this house.

Mr. Chevrier: May I say a word, Mr. Speaker?

Mr. Speaker: Yes. I shall be glad to hear hon. members who have some views on this matter because it is a rather important one.

Mr. Chevrier: All I want to say is that if Your Honour rules that this expression is unparliamentary, I am afraid that many similar expressions will have to be eradicated from *Hansard* because on more than one occasion it has been stated that an hon. member has deliberately misled the house. While I am sure that those who state it refers to the Prime Minister do not like it, nevertheless my submission is that if it applies in this case then surely the words should be withdrawn in so far as the other cases are concerned which have come up from time to time in this house.

Mr. Fleming (Eglinton): Mr. Speaker, I think it is quite clear in the decisions that have been made in similar situations that the use of the word "deliberately" makes the expression "mislead" completely unparliamentary. It imputes to an hon. member a dishonourable course of conduct and that is the essence of the point that is now before you. The statement was not that a member of this house had misled someone. It might be argued then that that statement is not unparliamentary because it does not necessarily impute that it was done deliberately. But the hon. member said that the Prime Minister had deliberately misled the people, and that was his expression. No kind of argument on the part of hon. gentlemen opposite will change the fact that it has been the clear course of decisions in this house that to say that an hon. member has misled someone deliberately is imputing to him a dishonourable course of conduct; and that language has been ruled to be completely unparliamentary and in similar situations has been directed to be withdrawn.

Mr. Speaker: In the absence of any specific precedents I should like to give some consideration to this matter. I think there is a clear distinction between the imputation of an unintentional act and the imputation of a deliberate intention. Certainly if the expression used had been "misled"—and I recall that expression has often been applied or used from both sides of the house—there could be little objection. Unless the hon. member wishes to modify his statement, I shall have to take it under consideration and deal with it later.

[Mr. Speaker.]

Mr. Regier: Mr. Speaker, I will say that what I meant to say, and what I still believe I did say, was not that the Prime Minister deliberately misled the people but that the Conservative party, in having the Prime Minister make that statement in Vancouver, deliberately misled the Canadian people. If that statement is unparliamentary, I withdaw it; but that was the intent of my statement.

An hon. Member: That is even worse.

Mr. Speaker: I shall have to give this matter some thought because I am not sure but that the point is well taken, even as the hon. member has re-expressed it. If he left his allegation as one against the party generally I would not feel it necessary to deal further with the matter. Perhaps he will modify his statement to that extent. But if he will not do so I will consider the matter and give a decision on it later.

Mr. Regier: In order to save you time, Mr. Speaker, I will withdraw any implication I may have made as to the integrity of the Prime Minister of Canada. However, my challenge to the Conservative party remains.

Mr. Speaker: I thank the hon. member for making my course easier.

Mr. Regier: Mr. Speaker, I wish to continue my remarks and to turn to something the minister had to say as reported at page 1231 of *Hansard* in reporting on agriculture. He said this:

> There was a moderate gain of one per cent in the volume of non-agricultural production, but agricultural output declined as a result of the smaller western grain crop.

We in this section of the house greatly regret the decline in our production. In the last week we had in this city a guest from India. In speaking to the people in Ottawa he again sharply reminded us that one-third of the world is always undernourished, that a further third of the world is usually undernourished and that only one-third of the people have enough of the things of life at most times. As long as such urgent need exists for the labour of our hands we ought to be engaged in all-out production.

At page 1232 of *Hansard* I notice another admission of the minister when he says this:

> Following the recession of 1953-54 there was a new period of expansion—

And then he goes on to say this:

> As a result, world capacity in metals, fuels and forest products was enlarged much more rapidly than demand, and Canada, an important source of these materials, experienced the full force of this expansion.
>
> Early in 1957 many commodity markets moved into a position of over-supply. The doubts created by these particular developments began to affect the plans for further expansion. In particular, this

began to make itself felt in the resource industries, and as a mood of caution began to develop it spread to other industries. By mid-1957 the value of large capital projects being started began to run behind the value of projects being completed.

And then later on he says:

During 1957, however, the competition for loan funds became less active as the year progressed—

Here is another lie of the Tory party. The Tory party has claimed that they were responsible for relaxing the tight money policy when this was not so. The minister in his own words at page 1232 gives an honest appraisal of the situation when he says there was a decline in investment for which he gives reasons, and that there was a decline in capital expansion. Then he sums it up in one sentence when he says:

During 1957, however, the competition for loan funds became less active as the year progressed.

The net earnings of Canadian corporations began to decline and there seemed to be an over-supply of goods produced. Alarm was beginning to be felt and there was hesitancy to further the productive capacity of the Canadian nation. Therefore money became available for other social needs of the people, and that is the basic reason why it is now easier to obtain money for the municipalities. It is also easier for individuals wishing to do business with their chartered banks to obtain money, and all this big hullabaloo of what the Tory party has done to break the tight money policy stranglehold ought to be thrown out of the window by anyone who knows anything of the movement of large masses of capital. I do not believe the minister can cite one single fact with respect to any action of his or of any other member of the government which has had any effect on the relaxation of the tight money policy.

On page 1232 of *Hansard* the minister has something else rather significant to say, which is as follows:

Expenditure on durable goods, however, showed practically no increase over the previous year, reflecting in part the slower growth of incomes—

This is an admission that labour's income is not the reason that labour's productivity was increased.

—but also the rapid expansion in 1955 and 1956 which was based upon large increases in consumer credit.

In various debates in this house we have attempted to warn the government that the consumers of Canada were being oversold in that their buying was putting them into the position of accepting goods for which they did not have the money. We warned of the dangers, and the minister now admits that the market in Canada was oversold as far as the supply of money in the hands of the consumers was concerned. He said at page 1233:

Corporate profits declined by 11 per cent as costs rose and markets became more competitive. Other investment income, which includes rentals and bond interest, rose by 11 per cent.

When we compare the plight of Canadian corporations with that of the unemployed we must recognize that the costs of the depression are not being borne equally by the people of Canada.

Then the minister does an amazing thing; he completely brushes aside the old Tory concept that progress within our country is the result of the personal savings of individuals. At page 1233 he refers to such things as depreciation allowances and undistributed profits as being part of total savings. He says that in 1957 business saving—according to his definition that is depreciation allowance and undistributed profits—as a whole was little changed from 1956, accounting for about three-quarters of total saving. Personal saving was down about 5 per cent and, he said, accounted for almost one-quarter of total saving.

The money for the industrial expansion in Canada does not come from the poor widow's mite. This money, by the admission of the minister himself, or three-quarters of it, comes from depreciation allowances and undistributed profits. For the benefit of the readers of *Hansard*, that means after the payment of dividends there was left depreciation allowances and undeclared dividends of some $4,500 million last year, three times as much as the savings of individuals.

On page 1234 of *Hansard* the minister says:

The rise in consumer prices offset about half the increase in average wage rates so that advance in real income during the year was about two per cent.

In this connection I would refer to a speech he made, I believe in Waterloo, some weeks ago, when he admitted that labour productivity has risen by 3 per cent per annum in each of the last ten years. Now he says that the advance of real income has been about 2 per cent, which means he is admitting that labour is not receiving its share of the increase in its productivity.

We in the C.C.F. group place the welfare of the people ahead of the welfare of our political organization. It is therefore with a great deal of regret that we see so many warnings which we have made in past years emerge as fact. These facts are now admitted by the minister. We would much rather have been wrong in our analysis of what has been happening in this country in order that our people should not be suffering today. We do however appreciate that throughout the budget

speech the Minister of Finance repeatedly admitted the correctness of our position and we hope before long he will begin to apply a number of the remedies we offer from time to time.

The falling off in the domestic and world markets has caused serious unemployment which has been realized by the minister, who has admitted that while we have expanded our productive capacity such expansion has not been accompanied by a corresponding growth in markets. The minister has also admitted that our social investments have not kept pace with and have been sacrificed to the rapid industrial expansion.

The minister further admits that any inflation we have had is still very much with us and that the danger can be a very real one if there should be an upswing in economic activities. He has also brushed aside the old concept that individual savings bring about the growth of our industrial society. While we appreciate his honest analysis we regret that the budget seems to be completely bankrupt of any proposals for successfully meeting our perplexing problems. In fact nothing is offered which is of any significance. The government offers to borrow in this fiscal year $200 per capita, and then turns around and offers by way of aid to the municipalities the grandiose sum of 35 cents per capita. In fact, all it is offering to the Canadian people, if added together, amounts I believe to $1.65 per capita. The huge corporations brush aside the minister's pious appeal and continue to charge all the traffic will bear and so far as the farmer, the worker and the unemployed man is concerned, there is nothing in the budget that will help them very much. The people sacrificed nothing when they elected this government but it is perhaps characteristic of human nature that people do expect to get something for nothing.

At this time of uncertainty, when a bold and imaginative program on the part of the government is so badly needed to restore public confidence, the people must surely realize, after looking at the budget, that this government is nothing but the lackey of big business; that the Conservative party found itself a good advertising agency, organized its circus, had a real clown as leader—

Mr. Fleming (Eglinton): Mr. Speaker, I ask you to take notice of the fact that the hon. member has referred to the leader of the government as a clown. I ask having regard to the decencies of parliamentary procedure in this house you ask him to withdraw that term.

Mr. Speaker: I have no doubt that the term is offensive, and standing order 35 says no hon. member may use offensive words against either house or against any member thereof. However, it is not the sort of word I feel I should ask the hon. member to withdraw, because it is among the order of words which do not reflect upon a man's character or motives. Nevertheless, I hope the hon. member will observe the rule, though if it were interpreted in its literal sense rather than its meaning as it has been applied it would rule out a good deal of what is said in this house. I do not feel I can ask him to withdraw the term, but I would ask the hon. member to remember that the debate is on principles rather than on personalities.

Mr. Regier: Mr. Speaker, I was referring to the part played by the right hon. gentleman during the election campaign.

For the unemployed, for the workers, for the farmers, and for the only real free enterpriser, the small businessman, there is no tax relief of any significance, no full employment program, no restoration of the domestic markets, and no program for expanded trade. The minister, in the budget, has admitted the evils that beset us. It is unfortunate for all of us that this government is either unable or unwilling to apply the remedies that are necessary. We do not want an economy planned for us by monopolistic corporations, we do not want an economy planned by any one political party, but we do want an economy planned for and by the people of Canada through the medium of a freely-elected parliament and government.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, after the chilling socialist snow which has fallen in this chamber perhaps a little sunshine from Alberta will serve to dispel some of the gloom. It is a great privilege to stand in this chamber and take the time of this house to tell you something of that fine constituency I have the honour to represent. It is called Athabasca, a name which comes from the great Cree language, and which means "the place where there are reeds."

Athabasca has an area of 60,000 square miles and is situated in the northeast corner of Alberta. To give hon. members an idea of the size of the country, it is approximately the same size as England and Wales. The population, however, is only some 65,000. But these people are some of the finest people in the world. In the first place they are Canadians and in the second place they are pioneers. They are still pioneers. They discard socialist gloom and they look forward to capitalistic expansion. Three-quarters of

our people are engaged in agriculture, and they live in the southernmost portion of this vast area.

I do not wish to dwell on agriculture this afternoon, because it is well known that agriculture is the backbone of Canada's economy. The main trouble facing the people of Athabaska today is the lack of transportation. In this vast area we have very few roads, and the roads we have are very primitive. When I tell you we only have 24 miles of hard-top roads in this great area hon. members will understand what I mean. Athabasca is the gateway to the north, and if we are to bring about the future of Canada in the way it should be brought about, we need roads and railways. We also need air strips.

During my election campaign I found it necessary to fly to some parts of my constituency; there are no roads in the northern half, and the northernmost section has not even a railway. My returning officer was killed; he flew into a frozen lake in a white-out. A week later we followed him up into the same country and flew into the same weather conditions. That is not exceptional. The great bush pilots who serve this part of the country do this almost daily. Wop May, to mention one of such men, has gone to the great beyond, and today men such as the Berry Brothers, Milt McDougall, Shoemaker and dozens of others who serve this great northwest possess the pioneer spirit to its ultimate extent, and the people who are coming behind them on the surface of the earth also have this pioneer spirit. Men like this need our help, and they have needed it for a long time.

The people I represent come from every country in Europe and from every ethnic group in Canada. A great section of the country is still populated by those noble Indian tribes, the Crees, and the Chippewas. It is to these people that we who pioneer this country turn to lead us across its frozen wastes and across its melting muskegs in the summer. They still retain the skill of the redmen; they still retain all the hardiness which mixed with white blood has created that sturdy race of people the metis.

The metis are principally Scottish and French in ancestry. They pioneer beyond the roads; they trap, hunt and fish and today, with the development of the mineral resources of the north, we look again to them to man the canoes, to man the freight boats, to cut the timber and care for the white men who live among them. But they ask no handouts. Indeed, they scorn handouts. They are not looking for socialism. They are looking for a new capitalism, a capitalism which has had, as my hon. friends opposite say, a shot in the arm from the Conservative vision. This vision is not a new vision, but it is a rejuvenated vision. We do not welcome the scorning of this vision. We should like to see all hon. members in this house getting behind this movement to give the northland the attention it deserves.

I said before that transportation is the main need of the north today. The first consideration is airports. We require airstrips throughout the north country and we need them now. I suggest that this may be one way in which we can provide immediate work to many unemployed men this year. We have airstrips at Athabasca, McMurray and Fort Chipewyan. When I last visited Fort Chipewyan during the winter we landed on the lake but during the break-up season, a period of six weeks in the spring, and for a period of six weeks in the fall there is no proper place to land at Fort Chipewyan. Fort Chipewyan serves a local population of approximately 600 persons and for three months a year the only method of transportation, air, is cut off from them. If a bush pilot wants to land in this period he is forced to land in the main street of the village where the children are playing. The space in which he must land is no larger than the floor of this chamber and only a bush pilot could land there. When he takes off again he does so at great risk to life and limb.

The railway ends at Waterways which is some three miles from McMurray. It is a joint venture of the Canadian Pacific Railway and the Canadian National Railways called the Northern Alberta Railway and most of the heavy freight not carried by air is brought over this line. It is proposed to extend this line roughly straight north to a point on Great Slave lake called Pine Point. At Great Slave lake the standard method of transportation to the deep north is by water.

It is not proposed at present to extend the railway further. You heard my colleague making a strong plea that this railroad should start in the Peace river district and go to Great Slave lake and I make a similar plea that the railway should be extended north from McMurray to serve this same area. It is not just a question of whether the railroad should go north out of Peace river or north out of McMurray if we take into consideration the future of the northland because the Peace river district needs a railway and so does the territory north of McMurray. My own suggestion would be to extend the railroad north to serve those portions of the Peace river district which already require a railway and to construct a

bridge across the Athabasca river at McMurray and extend the Northern Alberta Railway northwards. I see no reason why northern Alberta cannot support two such railway lines. At present the railway companies admit there is enough tonnage going in and out of the north to justify the construction of one of these lines. I think it requires little imagination to see that this great territory could support two railway communications into the north if indeed not more than two.

Just north of McMurray there are tar sand deposits known as the Athabasca tar sands in which nature has deposited not less than 200 billion barrels of oil. This oil is not commercially available at present to compete with oil produced from wells but scientists have found the secret of releasing this oil and there is no doubt that in the near future this will prove to be one of the most valuable oil reserves in the world. Some sections of these sand deposits contain asphalt in a state where the asphalt can be rolled directly on the road surfaces prepared for black top. I have seen places where this has actually been used for sidewalks and short pieces of pavement and it has withstood the ravages of time and wear for 20 years. The asphalt was merely dug directly out of open pits and rolled on the ground. It might be that the government would put money into the development of tar sand for these purposes and build the roads that are needed in that part of the country outward from the tar sand deposits instead of building expensive roads inward from southern industrialized areas of civilization.

The Athabasca constituency is served by the mightly Athabasca river, one of the finest sources of fresh water on the North American continent. It is safe to say that the Athabasca river can supply any type of industry with water it might require in any amount for many many years. A fine fresh water supply is something that is required by industry today. The town of Athabasca is ideally situated for expanding into the chemical, oil and gas refining industries.

Roads are needed throughout the constituency. The great airport of Cold Lake is situated at the eastern edge of the Athabasca constituency where there is located Canada's only weapon trained range for aircraft and guided missiles. This great airport employs 5,000 personnel. It is in many ways the most up to date airport in the world and need I say that the personnel who operate this base are the finest air force in the world. We depend on these boys for the safety of this whole continent. It is here they are trained and here they live. Canada's pioneers of outer space will be trained here.

We need a road between Edmonton and Cold Lake. In fact, I would take up even more time than did the hon. member for Bonavista-Twillingate (Mr. Pickersgill) if I were to detail the roads that are required in this area because they are as numerous as the requirements for wharves around the shores of Newfoundland. We do not ask for all these roads. Roads are principally a matter of provincial jurisdiction but roads which lead to the north and to great centres of national defence may well be considered projects worthy of assistance from the federal government.

Athabasca is rich in her natural resources but her greatest resource is the people who live there. They are not discouraged by any difficulties they encounter. They have the same thrust and desire to carve out individual careers for themselves as had the first pioneers to this country. They are not whiners but workers. Again I say they look to us for help. Before them is the great north country and behind them the rich plains of Alberta. I know they are not going to be disappointed in the help we give them. There is one last great frontier in Canada, the north. We who live at the gate to the north challenge the youth of Canada to move in and possess that great northland.

There will be no handouts; there will be work; there will be struggle. I assure you that there will be great reward.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in rising to take part in this debate I should like to begin by congratulating the Minister of Finance (Mr. Fleming) upon one aspect, and upon one aspect only, of his presentation of the budget the other evening. I do think that the Minister of Finance gave evidence the other evening of what might be called the first stage in the education of Donald Fleming. I contrasted it, as I am sure every other hon. member who was here a year ago did, with the forecast of this first budget that he gave to the press and which appeared in the Ottawa *Journal* on June 26 last, almost a year ago. That was the day the minister, after five days in office, said that a new budget to reduce taxes and increase old age pensions would be brought down in the fall. This was in black type, as it was obviously considered by the reporter to be the most important of the many important forecasts that the minister made at that time. I will not use a word that might cause commotion in the house, Mr. Speaker, but we all know that we never saw that budget. We also know that—

Mr. McGee: You saw tax reduction.

Mr. Cardiff: You saw increases in old age pensions.

Mr. Pickersgill: We saw the increase in old age pensions; we saw a lot of things. We have seen the most phenomenal increase in deficits in the history of Canada in peace time.

I may say, sir, the minister also promised us at that time that he had declared war on waste and extravagance. We have seen the results of the first battle—I suppose that is the first battle of the war on waste and extravagance—we have the greatest estimates for expenditures ever presented by any Canadian government to any parliament.

Mr. Pallett: Which one are you opposed to?

Mr. Pickersgill: The next thing that I would like particularly to refer to is that we heard none of the things in the minister's speech that we heard so frequently in the past from the minister and this is why I say it seems to me that the minister's speech represents a stage in the education of a minister of finance. There is not a word in his speech about how he had changed the tight money policy; there is not really anything about that policy at all. There is not a word about the savings the minister had effected by the elimination of waste and extravagance. There is not a word about the so-called over-taxation which was one of the most appealing—I suppose one of the most appealing—features of the Prime Minister's (Mr. Diefenbaker) great appeal a year ago when the Prime Minister told us that we were overtaxed by over $500 million a year. Presumably, if we were overtaxed—and not "presumably" because the Prime Minister worked it all out arithmetically—that $500 million was going to be reduced. Well, of course, it has not been; it is not going to be. There was not a word either about that so-called hidden report that the Prime Minister made such a fuss about here last January in the previous parliament.

Indeed, we find that the Minister of Finance attributed the unemployment to something entirely different from the policies of the Liberal government. In his speech he attributed the unemployment to world causes. Indeed, nothing is more remarkable, it seems to me, in the minister's speech than the remarkable tribute he paid in the first part of his speech to the accuracy of his predecessor's economic forecast. In order to make sure that my memory was not playing any tricks on me I sent for Mr. Harris' budget speech, and I have made a comparison of that section of his speech with the minister's speech and the amazing thing is that practically the whole of Mr. Harris' forecasts were borne out by the experience of the year which has now been completed. His estimates of the gross national product, his estimates of the probable decline, which he very honestly forecast, in the rate of advance and his estimate that there would be an advance all through the year were completely borne out; his estimate that there would be an increase in employment was borne out. Indeed, it would have been hard to conceive of any more completely accurate vindication through the year 1957 of the forecasts made in Mr. Harris' budget than are found in the accounts produced by the minister in certain paragraphs of his speech.

It is evidently the strategy now to leave all these political arguments to the lesser lights. We had all the claptrap that we used to hear from the minister regurgitated by the hon. member for Carleton (Mr. Bell). It is apparently no longer quite respectable for a minister of finance to talk such nonsense but for an aspirant to that office it was apparently regarded as good coin.

Perhaps you will call it six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Pickersgill: Mr. Speaker, when the house rose at six o'clock I had just paid a compliment to the hon. member for Carleton. I was astonished at the pattern which seemed to appear in this debate from the other side of the house this afternoon, when the Minister without Portfolio, the hon. member for Greenwood (Mr. Macdonnell), followed the same extraordinary line taken by the hon. member for Carleton the other day. This extraordinary, and I might say rather belated interest of hon. gentlemen opposite in the program of the Liberal party in the last election, is very touching to us on this side of the house. The only conceivable reason I have been able to think of for this extraordinary interest in that program at this stage is that hon. gentlemen opposite are executing still another diversion in this debate. They realize the damp squib that this budget is turning out to be, and they are trying to distract public attention from the budget to something else. I do not intend to pursue them in this diversionary line.

I am much more tempted to pursue another line, but I intend to resist that temptation, too. The line I should like to pursue if the clock was not working against me is the line about unemployment. The hon. member for Carleton repeated all the old pre-election

explanations about unemployment. However, the minister was honest enough in his budget speech to say nothing whatever about any of those so-called explanations. The minister instead said that we did not have as much unemployment as other people had but that unemployment was a world-wide condition. I am not surprised that he did not use the old line, because if he did not remember it himself his officials probably reminded him that as late as November he was telling people there was no serious unemployment.

I would, rather, deal with two specific points in connection with this budget. The other day the hon. member for Assiniboia (Mr. Argue), in a display of candour and naivete that was, I think, very entertaining and interesting, admitted, and I give him credit for his honesty, that he had been fooled by the progressive face, I think he called it, of hon. gentlemen opposite. He later used the word "mask". Now we in this party never thought it was a progressive face; we always knew it was a mask and we were at no time deceived. It does seem to me, that the progressive mask on the Tory face is better illustrated by the trade proposals in the budget than by any other aspect of it, although I think almost any aspect of it could be taken to illustrate the same point.

There does seem to be something peculiar about this country. Once in every generation it seems to be necessary for the people of Canada to learn the same lesson. We had it in 1911; we had it in 1930; and we had it again in this dual effort of 1957 and 1958. Every so often it seems to be possible, I suppose because of the fallibility of human memory, to excite the people of this country by stirring up feeling against the United States and by parading a great affection for Great Britain. Now we had that in 1911; we had it in 1930, and we had it again in the last two years. In every case, sir, it is always followed by the same thing. The affection for Britain proves to be purely verbal and when it comes to policy, those of us who remember 1932 and what followed from it; those who remember 1911 and what followed from that, will have no real doubt about what is going to follow again. The pattern does seem to go on.

It starts, of course, with this wholly fallacious doctrine that it is a wicked thing to have a lot of trade with the United States. It never seems to occur to a real Tory that trade is an advantageous thing for any country. It never seems to occur to a real Tory that, other things being equal, any person engaged in trade will try to sell what he has to sell for the best price wherever he can get it, and buy for the lowest price wherever he can get it. I can assure you that

is one thing which the British, including the British Tories, never forget. But it is not long after the Tories come into office on any occasion when this same old reaction occurs.

It is, I think, interesting that, even though the mask is off, as the hon. member for Assiniboia has said, hon. gentlemen opposite, with the exception of the hon. member for Carleton, seem to be a little ashamed of the face. In 1930 I think you could say Mr. Bennett approached this whole problem boastfully. We had Mr. Bennett boasting about raising tariffs and blasting his way into the markets of the world. We watched for five years while the trade of this country shrank steadily and the prosperity and well-being of the people disappeared.

We have a rather different situation this time. If Mr. Bennett was boastful, I suppose the only thing we can say is that Mr. Fleming is furtive. The Minister of Finance tries to sneak this change in trading policy in by the kitchen door. I use the word "kitchen" advisedly because the hon. member for Greenwood this afternoon said these tariff increases were so small. Of course, they are small in exactly the same way as the famous housemaid's baby was small, as I reminded the house this afternoon. But a rose by any other name would smell as sweet.

Mr. Pallett: You are mixing your metaphors.

Mr. Pickersgill: Yes, and with a certain deliberation which the hon. gentleman will perhaps comprehend later in the evening.

This proposal about dumping is the nicest example one could find of this furtive approach. The Minister of Finance, in a statement which was literally true but I hesitate to say, sir, calculated to mislead, and which perhaps may have had the effect of misleading, suggested he was going back to 1948. It is true, of course, that in 1948 Mr. St. Laurent came into the house and said, let us take off the statute books this provision that has not been used for thirteen years. The fact is that this dumping provision, this Bennett provision—I do not know that I should call it a Bennett provision because Mr. Meighen tried it before him and it was repealed once before by the Liberals before Bennett—is, of course, of all the protective devices, the most insidious and the most dangerous.

I well remember, in the year 1933 driving through Chicago and having two flat tires—

Some hon. Members: Oh, oh.

Mr. Kucherepa: You still have them.

Mr. Pickersgill: —and having to replace them. Naturally, I bought in the cheapest

market I could find, which was Sears-Roebuck. When I came to the Ambassador bridge at Windsor, the Canadian end of it, there were five different imposts put on before I was through, and when I had got finished I had paid more in duty than I had paid for the tires. One of these imposts was described in such a way—I forget the precise words now—as to give the impression that the Canadian government was collecting it for the United States. I said to the customs officer, "You don't mean to say this is going into the United States treasury, do you?" He said, "Oh, no, but a lot of people think it is." I said, "If I were an organizer of the Liberal party"—and I may say that in those days I was a lecturer in history in the university and had only an academic interest in politics—"or if I were a member of the Liberal party, I would set up a booth at the end of this bridge and nobody that crossed it would ever vote Tory again." I had already been converted prior to that time, but if I had not been converted I certainly would have been by that experience.

Mr. McDonald (Hamilton South): Why didn't you buy the tires in Canada?

Mr. Pickersgill: Perhaps the hon. gentleman was not old enough to remember that in Saskatchewan in those great days of the Bennett government there were many people who had to travel around on the rims and have their cars pulled by horses.

An hon. Member: Bennett buggies.

Mr. Pallett: He will not sell his politics for two tires.

Mr. Pickersgill: The thing that astonished me most of all in the astonishing speech made by the hon. member for Greenwood was his suggestion this afternoon that the woollen industry was an industry indigenous to Canada. I really want to say something about this increase in tariff on wool because it seems to me that in many ways it is the most fantastic thing in the whole budget. Here we have a government headed by a Prime Minister whose main appeal to the Canadian people was that he was going to divert a great part of our trade from the United States to the United Kingdom. If anybody doubts that the Prime Minister gave that kind of impression, not merely in this country but elsewhere, I should like to read a brief extract from the monthly bulletin of the commonwealth and empire industries association published in London. It is commenting on the Prime Minister's great success in March of 1958, something which we all remember. Here is a sentence or two:

In 1957 the Conservative leader, Mr. Diefenbaker, roundly declared that he would like to see a switch of 15 per cent of Canada's trade with the United States to the United Kingdom. On assuming office he had not a majority sufficient to allow him to put his plans into effect and so he went to the country again in 1958 having made no concessions or abated one item of his intentions. The result we know,—

The result, Mr. Speaker, we know. The first result was this. The first time the Prime Minister has had a chance to do anything about it, what does he do? He puts on a tariff on what is—if any single item is—the classic export from Britain to Canada. It is true that the government say it is only a small duty, that it really will not increase the cost of what anyone has to pay very much. But I say, sir, that small or large, the symbolic significance of this increase is tremendous. In the first place, it is an evidence of the trend, the direction in which this whole tariff section of the minister's speech pointed. It is the first faltering step; but I suspect that, if the minister is able to get away with this one, there will be many longer strides following.

This is no matter of mere academic interest to anyone who represents a constituency where the majority of the electors make their living out of what is an indigenous industry and what is the oldest industry in this country, namely the fishing industry. Not only do my constituents have to make their living by selling in the markets of the world at world prices practically everything that they produce, whether it be wood products or fish, but they have to buy practically everything they consume in a market, which is in the essence of things—and always has been since confederation, since 1949—protected to a degree. It was not protected to the same extent before confederation. This tariff on British woollens will have the effect of increasing their cost of living, perhaps not very much but some.

But what I think is much more serious to Newfoundland is the second part of the minister's proposal, namely the proposal that he is also going to increase, if he can worm out of our trade agreements, the most-favoured-nation tariff. Everybody knows that outside of Britain the one country that has made real progress in getting into the Canadian woollen market is Italy. Perhaps everyone in the house does not know that Italy is without exception the best market for Newfoundland fish on the continent of Europe. There has been a risk, ever since the common market was established, that this market for Canadian fish may be lost to some degree because of the combined tariff around these six nations, because France is included and because France has fishing grounds at

St. Pierre. But if we are going to kick the Italians in the teeth as we have already indicated we are going to kick the British in the teeth—I should not say "we"; I should say as the government has already indicated it is going to kick the British in the teeth—we are going to jeopardize even more that market for our fish and that will affect the interests of every fish producer, every producer of cod fish on the east coast. It is true that it is only Newfoundland fish that goes to Italy. But if that market should be diminished or lost, it simply means there is going to be that much keener competition for the markets that remain. We simply cannot afford to jeopardize any of our external markets.

I want to take the rest of the time I have at my disposal to refer to a great gaping hole, a great chasm, in the budget. I notice that the minister said the other night that he had—he interjected this when my friend the hon. member for Kenora-Rainy River was speaking—made some reference to federal-provincial relations in the budget. Of course the minister was right.

Mr. Fleming (Eglinton): No; I did not.

Mr. Pickersgill: The minister did so, anyway, whether he said it or not.

Mr. Fleming (Eglinton): Stick to the truth.

Mr. Pickersgill: I will read what the minister said. Perhaps that will be the best evidence that he did say something. As recorded at page 1234 of *Hansard* the minister said this:

(Translation):

Additional financial assistance being given to the provinces will enable them to proceed with needed capital improvements in the provincial and municipal fields.

(Text):

That is the whole of what the minister had to say about this important subject about which, when he was boasting about what he was going to do in his budget, only a year ago he had this to say—this is from the Ottawa *Journal*, the same reference I used this afternoon, namely June 26, 1957:

Mr. Fleming said on this point that a new dominion-provincial conference will be called, probably this year,—

That was 1957.

Mr. Fleming (Eglinton): It was called.

Mr. Pickersgill: I continue the quotation:

—to revise the basis for division of the joint fields of taxation—

I emphasize those words "to revise the basis".

—and to provide the provinces with increases in these revenues.

[Mr. Pickersgill.]

And what did we have? We had a two-day conference in November when the provincial governments were not allowed to discuss the main subject, they were diverted into other fields which most of them had not come there to discuss and about which the premier of Manitoba—and he is still the premier of that province for a few more hours—complained.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Yes, the hon. gentlemen may laugh, but it may be that they will not be laughing for very long for unless the minister does something about this gaping hole, it will not be very long before that gentleman is again premier of Manitoba. I say this because I have made some computations and, like the Minister of Finance in his early days as minister, I have had to do my own arithmetic. This is not because I do not trust my officials but because I have no officials to do it for me. The result of the best computation I can make indicates that it is highly improbable that out of this dole—the money doled out by the telegram last January— the provinces will in fact receive any additional revenue whatsoever in the year 1958-59. I may be wrong, but the minister did not make any attempt anywhere in his speech or in his papers to give any indication of any kind as to what that figure would be.

Mr. Fleming (Eglinton): Is the hon. gentleman aware of the fact that there was a debate on this subject on June 2?

Mr. Pickersgill: Yes, I am perfectly well aware of that fact and I am also aware of the fact that on the day of the budget speech the Prime Minister tabled a letter which the Minister of Finance wrote to the premier of Saskatchewan and which was, I think, the most arrogant communication which I have ever seen addressed by any federal minister to any provincial premier.

Some hon. Members: Hear, hear.

Mr. Pickersgill: In this letter he said he was very sorry that it was not his business —I am paraphrasing now—

Some hon. Members: Read the letter.

Mr. Fleming (Eglinton): Please read the letter. Let us have no more of these misleading misquotations.

Mr. Pickersgill: —to prepare the budgets of the provincial governments. Hon. members will find the letter in *Hansard* of that day.

Some hon. Members: Read it.

Mr. Pickersgill: I have very little time and I am not going to oblige the minister

by reading the letter in full, but I think perhaps to satisfy him I will read a sentence—

Mr. Fleming (Eglinton): Read the letter.

Mr. Pickersgill: —to which I have particular reference. The minister said that in the circumstances he could hardly be expected to assume responsibility for the budget estimates of the provinces. That was the nice, tactful approach, the new approach, the conciliatory approach about which we have heard so much, and the rest of the letter is in exactly the same tone.

Mr. Fleming (Eglinton): Go on. Read the next sentence.

Some hon. Members: Read it all.

Mr. Habel: They are trying to divert you.

Mr. Pickersgill: The minister, I believe, has the right to speak at any time. He can read the letter to his heart's content but I have some other things to say.

Mr. Fleming (Eglinton): Just read one more sentence.

Mr. Pickersgill: In January Mr. Lesage and I did our best to get the Minister of Finance to state that he would stabilize his extra 3 per cent, and he pretended not to understand the argument.

Mr. Fleming (Eglinton): He didn't pretend any such thing.

Mr. Pickersgill: Now he has admitted that there is no stabilization whatsoever for the extra amount. Mr. Greenlay, the provincial treasurer of Manitoba—according to my best information he is still the provincial treasurer—is reported to have said, according to the Winnipeg *Free Press* of June 20 last—I might say incidentally that when Mr. Greenlay entered the government in Manitoba he was generally considered to be a member of the party of the hon. members opposite, but he has learned something—

Mr. Fleming (Eglinton): He certainly has.

Mr. Pickersgill: What he is reported to have said is as follows:

> The claims of Prime Minister Diefenbaker and Tory MP's who campaigned here during the provincial election—that Ottawa was giving Manitoba an extra $3.4 million in tax-rental payment—are misleading and probably false, Hon. C. E. Greenlay indicated Thursday.

The fact is, of course, that if the revenues from these great fields of taxation do diminish—as they are diminishing, and as the minister himself indicated in the table he put on *Hansard* he expected them to diminish—I suspect that he gave as optimistic estimate as he dared to give of that diminution—it could happen that this whole $62 million would be out of the window. Certainly the minister is not paying on the basis of the extra $62 million at the present time, or anything like it, and he knows that. He has never given us any estimate of what in his opinion it is that the provinces really will get, in the light of revised figures of which he and his officials are aware but of which this house is not aware. We do not know what they are likely to get, but it is perfectly clear that it is not going to be anything like the $62 million and my suspicion is that if there is any addition at all when the accounts are in at the end of the year, it will be a very small one.

Mr. Fleming (Eglinton): It will be 3 per cent more than they would have received had there not been a change from the Liberal administration.

Mr. Pearson: Did you use stabilization?

Mr. Pickersgill: The minister is quite wrong even in his last observation, if I caught it correctly, because if they do get anything out of this $62 million it will be because Mr. Harris' stabilization comes into effect, and furthermore it will be only because of that and not because of anything done by the present government, if they do get as much as they got last year.

We have been told absolutely nothing about the future. We know that this famous dole, the unilateral dole by telegram, is for one year only, and we do not know what is going to happen after March 31 next. The provincial governments have been told nothing whatsoever and they certainly did have the right to expect that they would at least be told in the budget, because they were not allowed to discuss the matter at the conference. I must confess I do not believe the government has the slightest intention of meeting the provinces again in 1958. Alternatively, they should know what it is proposed to do when the present statute expires on March 31.

I predict that what will happen is that at the beginning of next session we will have another of these telegrams—I hope the arithmetic will be correct this time—covering another interim arrangement. This method will be used because the government has been too busy with other things to bother with the provinces.

If the government has different plans, if the government really intends, when they have disposed of parliament, to call some kind of a conference, or if they intend to work out some kind of hole-in-corner deal with the government of Ontario—as Mr. Macaulay, the new minister, seems to be hinting every few days with, I suspect, a little prodding from behind from the premier of that province—then surely this parliament is entitled to know, as it was always given the opportunity

to know under the previous government, what is the policy of the government. We have not the faintest idea; there is no indication whatsoever in this budget as to what the provincial governments may expect after March 31, what they are really going to get, or even what the department thinks they are going to get or what the minister thinks they are going to get between now and March 31.

The minister said with great exuberance last June that the government was going to hold a conference last year to revise the basis for the division of the joint fields of taxation. There has been no such division. The government did not decide anything at the conference, but they sent out this telegram, just taking the formula of Mr. St. Laurent and Mr. Harris and giving the appearance of adding to it another 3 per cent, but they left in the joker about stabilization so that the 3 per cent could disappear, as it is indeed disappearing and as I suspect it will disappear more and more as more realistic estimates come to be made as to what, in fact, the proceeds of these great fields of taxation will turn out to be.

It does seem to me that on these two grounds alone the amendment moved by my hon. friend from Kenora-Rainy River (Mr. Benidickson) and which I had the honour of seconding is amply justified in both of these particulars. The minister has said he has given this extra money to the provinces. That is a free translation of what he said in French as I read it a little while ago. He said he gave it to them so that they could embark on big spending programs. But he did not tell them he had done it all with mirrors, and that they would probably not get any more at all. In fact, he left them in a worse state than before he started, because they do not know what they are going to get, whether it will be more or less. My hon. friend from Kenora-Rainy River set out the other day what was done with respect to the public works program and the national development program. There again, it was all done with mirrors. There is nothing whatsoever which will give us any hope of effective action being taken to meet the recession.

Of course, the minister talked a lot about the tax reductions he made last December. I have been looking at that, and I have added to the $178 million the $26 million allowed in the present budget, and it comes to a little over $200 million. This is all we got in tax reductions as compared with the half a billion dollars which the Prime Minister and the Minister of Finance promised just a year ago would be the amount of the reduction.

Mr. Fleming (Eglinton): Nonsense.

[Mr. Pickersgill.]

Mr. Pickersgill: That is what they promised, and this is what they offer. When you contrast that sum with the $128 million by which Mr. Harris reduced taxes a little over a year ago at a time when there was virtually full employment in this country, at a time when the boom was continuing, it is a sad spectacle that we are confronted with.

Turning to the second part of the amendment, about which Your Honour expressed some qualms the other day, I should like to say now what I should have liked to say then, that I did much appreciate the courteous attitude of the Minister of Finance. I think his attitude was wise and just. He suggested that this motion really was about something new, and that was our intention. It was our intention to relate this amendment quite specifically to this disastrous policy, this back-to-Bennett policy of regarding trade as a bad thing, the attitude that you must have a little, but the less you have the better. That is the essence of Toryism.

Mr. Fleming (Eglinton): Dreadful nonsense.

Mr. Pickersgill: At least when I was a young man the Tories were proud of it. I remember Mr. Arthur Meighen in the Winnipeg rink in 1925—

Mr. Fleming (Eglinton): You are sick.

Mr. Pickersgill: No, it was 1925. The hon. gentleman is mistaken.

Mr. Fleming (Eglinton): I did not say 1926. I said "you are sick".

Mr. Pickersgill: Oh, I misunderstood the hon. gentleman. I remember Mr. Meighen making that famous brick by brick speech which lost vote after vote.

Mr. Speaker: I must interrupt the hon. member. His time has expired.

Mr. Rene Letourneau (Stanstead): Mr. Speaker, it is indeed a great honour for me to be given the privilege of speaking in this house on behalf of my constituents, and I want to thank each and every one for the support they have given me, and for the confidence which they have placed in me by this mandate.

At the beginning of my speech I want to congratulate the Minister of Finance (Mr. Fleming) upon his wonderful address in presenting the budget. I also want to congratulate the Prime Minister (Mr. Diefenbaker) and his cabinet for bringing new hope for greater prosperity to the country by doing everything possible to check the recession, which was brought about by the laissez-faire policy of the previous administration.

I wish also to take this opportunity to pay a tribute to a man who once represented

in this house the riding that I represent today. Many of the older members here will remember the late Senator John T. Hackett. Senator Hackett was a great Canadian. I only wish that I may serve my country as well as he did, and with the same devotion.

Mr. Speaker, I represent the beautiful county of Stanstead, the nicest of them all, in spite of whatever my hon. colleagues in this house may say. The county of Stanstead contains a population of 45,000 inhabitants of whom 33 per cent are English speaking and 67 per cent French speaking, and both these groups live in the best of harmony, in spite of racial issues which were introduced in the last two election campaigns by our Liberal opponents in Quebec. I really think that under the present government and our present Prime Minister there will be greater understanding and unity.

(Translation):

Mr. Speaker, may I give to the house a picture of my constituency, both from a geographic and economic standpoint.

In the extreme western part of my constituency, there is the fine city of Magog, a tourist centre dominated by Mount Orford and endowed with a national park bordering superb lake Memphremagog, where tourists take pleasure in visiting regularly. Furthermore, Magog has one of the most modern and largest textile plants in Canada. Here I should like to thank the hon. Minister of Finance (Mr. Fleming) for all the consideration he kindly gave to the textile problem, and I am sure he will continue, along with the government, to bring new remedies to that industry which is vital to the economy of the province of Quebec and the eastern townships in particular, as well as to that of the country as a whole.

The eastern part of the riding comprises the town of Coaticook, with a population of 7,000. This town also has various industries including a textile plant, though not so large as the one in Magog. Coaticook is, more particularly, a shopping centre for the people of the surrounding fine farming communities.

In the northern part of my riding, Mr. Speaker, there is the town of Lennoxville. It differs from the others in many respects, especially because of its people, who are mostly English-speaking and have a culture very much their own. This is easily understandable, because a nationally known university is located in this area, i.e. Bishop's University, where I had the honour and pleasure, Mr. Speaker, to see an honorary degree conferred on the right hon. Prime Minister of Canada (Mr. Diefenbaker).

Now, Mr. Speaker, coming to the southernmost part of the riding, we find what is called the Three Villages—in French les Trois Villages—which form but one town with the unique distinction of being administered by three different municipal councils. There is first the village of Beebe whose granite quarries are known all over the country not only for the quality of their products but for the modern way in which they are put on the market. I am therefore happy to draw to the attention of the Postmaster General (Mr. Hamilton) and of the Minister of Public Works (Mr. Green) to the fact that they can provide all the stone required for the construction of federal buildings in the different parts of the country, even for those which the Minister of Public Works will have to build for my hon. colleague from Bonavista-Twillingate (Mr. Pickersgill) who, a few days ago, asked the Minister of Public Works to build more harbours and post offices than the preceding government has constructed during its whole mandate.

Mr. Pickersgill: That is not correct.

Mr. Letourneau: That's the way I took it.

We now come, Mr. Speaker, to the American border where we find Rock Island with its various industries among which is a very large tool manufacturing plant, the only one of its kind, called the Union Twist Drill. This plant has been constructed half on American territory and half on Canadian territory and employs Canadian and American workers who work under the same roof in perfect harmony. This should be an example for the whole world.

Now, Mr. Speaker, I would like to deal with a problem which affects Rock Island as well as the whole area of the Eastern townships and the whole province of Quebec. I mean the construction of a customs and immigration office in that town.

(Text):

Regarding the problem I must tell the house that the Liberal administration has talked about building the customs port at Rock Island for the last 22 years and especially in election years. My predecessor to my personal knowledge used it at least three or four times in order to get himself re-elected, but this time it did not work.

The Rock Island customs port is one of the oldest in the province of Quebec. I wish to quote from a publication called "The Customs and Excise Examiner", issue of November 1956:

Prior to 1821, when a port to collect His Majesty's customs was established in Stanstead Plain, there

was as far as I have been able to find out, no Canadian customs house nearer than St. Johns, Quebec. So it is no surprise to read in the same *Gazetteer* of 1824, under the heading of Derby, Vermont, that "This town (Derby) was a port of entry in the late district of Memphremagog, and a collector's office is still kept here by David M. Camp, Esq., Deputy Collector".

This item points to the fact that customs houses may well have been opened first in the United States across the border from this location. This may be further borne out by the fact that Joseph Bouchette, surveyor-general of Lower Canada, in his report of 1815, said:

In the southeast part of the township is the village of Stanstead, which though small has some good houses in it; the main stage road from Quebec into the states of Vermont and New Hampshire, etc., passes through it from which, as bringing a continual influx of strangers some little consequence is derived. From hence the same road leads to Derby in Vermont: at that place communication to almost every part of the United States is easy. To take care of this great traffic a Canadian customs office was opened in 1821 in Stanstead, the first such office anywhere near this area, though another customs office was opened later in East Hereford, Quebec, to cover another stage road up the Connecticut river route.

I have cited these quotations to indicate that for 22 years under a Liberal administration we have in Stanstead, Rock Island, a customs port which has been a disgrace to Canada. It has been shameful to see tourists to Canada having to wait for two or three hours before they could enter the country through this port.

I have some interesting statements concerning the Rock Island customs immigration highway office gleaned from various sources. The first of these is a statement to be found at page 7 of a publication entitled "Travel Between Canada and the United States" for the calendar year 1957 as follows:

Rock Island is one of the largest customs points for the entry of vehicles, in the province of Quebec.

It is the customs port in the province of Quebec having the greatest number of commuters and is the only port in Quebec issuing commuters stickers to speed this traffic. Set right on the main street of the centre of the town and some 100 yards from the international frontier, the customs and immigration office at Rock Island has frequently a tangled web of traffic in front of it during the heavy tourist season or when several trucks awaiting clearance are being held. On some occasions, as with a log jam, some one car has to be released to let things move.

A few years ago—and this must have occurred in an election year—the plan to relieve this congestion was to take the automobile traffic east of the Tomifobia river and, while this was under consideration, three properties were purchased by the Department of Public Works on the east bank of that river. These were the Morel, Clarke and May properties, the latter two being on Church street, Rock Island, and the Morel property being on a lane running from Main street to Church street. The properties were never used for the purpose and have since been resold for a ridiculous amount. During this period at least three suggestions were made and considered to take the traffic off Rock Island's Main street to a customs—immigration office on or near the properties acquired but none managed to meet with the approval of all the municipal, provincial, state and federal authorities involved in the relocation. I have in my hand a brief presented to Mr. Ernest Gohier of Quebec city which outlines this development.

The passage of the national system of interstate highways by the United States in 1956 with a designated throughway, limited access, from Boston and New York to Derby Line, Vermont, adjacent to Rock Island, Quebec, presented a complete change of planning regarding the relocation of the Rock Island customs-immigration office. The period 1956 to the present has seen a closer drawing to agreement of the many governmental agencies concerned in the relocation of the United States and Canadian customs and immigration offices at this key border point.

Automobiles entering Canada on some holidays have lined up in the United States for more than a mile from the port of entry and quite often during the summer months have to be policed both in Derby Line, Vermont, and Rock Island, Quebec, to keep the main streets in both towns open for local business. The traffic varies greatly but I have here exact figures taken from the official records for inward traffic only. As many or more people would be leaving Canada on the same dates. On June 30, 1956, 7,296 persons entered Canada through this port; 6,682 on July 1, 1956; 7,934 on July 2; 7,482 on September 1 and so on. I have placed these few representative figures on the record to indicate the heavy volume of traffic that passes through this port. Year by year the traffic has steadily increased and a large new trucking firm is making arrangements at the present moment for entry of its vehicles through this port. Special chartered buses regularly enter Canada through this port in the summer and it is not an uncommon sight to see anywhere from 30 to 70 people from the buses seeking to use one public toilet now found in the present customs immigration building.

With the new interstate throughway to Derby Line, Vermont, presently under construction in that state and it being understood that the state is ready to complete its section of the throughway from near Newport, Vermont, to the international boundary, it is hoped that the traffic difficulties which have beset the Rock Island customs-immigration officials may be ended before long. I am sure the government will give consideration to my request and that its humble servant will not have to go back to Rock Island and make promises to this effect in order to be re-elected next time.

Now, Mr. Speaker, I would suggest that the government take every opportunity to help the war veterans. The government could do that by improving the Veterans' Land Act, the Pension Act and by giving the veterans better hospitalization care and attention. I feel that no government will ever be reproached for giving more attention to these men who defended our freedom and liberty.

(Translation):

And now, I would like to suggest to the government that early provision be made for the pegging of family allowances to the cost of living, so that our children may continue to attend school at least until the age of 18. This would not only be of assistance to large families, but would increase the purchasing power of heads of households.

Mr. Speaker, I could hardly refrain from saying a word about the farmers of my constituency, who are an important class there, in numbers as well as in quality. As you know the Eastern townships are particularly suited to dairying, as well as to hog and poultry raising. In the constituency of Stanstead, more particularly, are high class farms of a type rarely seen in other parts of Canada, except out west. There let me congratulate the government for the concern it has shown for the position of the farmer in its agricultural prices maintenance legislation. I am sure that it will soon find other ways of improving agriculture not only in our area, but throughout this country.

I would suggest to the government to revise the Canadian farm loan act so that the farmer may borrow substantial amounts of money in order, first, to expand his farm and then mechanize it. It should be realized that today a man can no longer support his family on a 100 or 125-acre farm because with farm mechanization, the farmer needs at least 300 to 500 acres. To that end the farmer would require more credit, on more favourable terms and with a longer period of reimbursement.

Mr. Speaker, I cannot let go unnoticed the feast of Saint John the Baptist, patron saint of French Canadians, which is celebrated tomorrow. On this occasion I extend my best wishes to all the French-speaking Canadians of my constituency, of the province of Quebec and of Canada as a whole.

Mr. Speaker, I should like to conclude with these words which I often like to repeat: "Oh Canada, my country, my love, where it is good to live in peace and prosperity!"

(Text):

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in rising to take part in this debate I must confess I am forced to limit my praise and congratulations to the delivery only of the budget speech. In doing this I can see where I am in complete agreement with the hon. member who has just resumed his seat. I can agree also with the first words spoken this afternoon by the Minister without Portfolio, the hon. member for Greenwood (Mr. Macdonnell), when he said that nothing spectacular or that no surprise came out of this deficit budget. In fact, he told us that the Prime Minister (Mr. Diefenbaker) had warned the Canadian taxpayers about the coming deficit. As I will mention later in the course of my remarks, this warning was certainly not given before March 31 of this year and even before June 10 of last year.

Tuesday, June 17, 1958, will remain as a blue Tuesday in the history of the Canadian parliament, but it will be a blue Tuesday written in red letters. We had before us after the call of the bells at eight p.m. on that date a Tory Minister of Finance wearing a blue suit, a blue tie, a blue carnation in his lapel, delivering to the astonishment of his blue colleagues and to the other hon. members another one of the historical Tory government deficit budgets.

If the Conservative members of this house sometimes have the blues when it rains, they definitely had the blues after the Minister of Finance completed the delivery of his first budget presentation. Mr. Speaker, never in the history of the Canadian parliament have so many words been spoken to take away so much from the taxpayers and give so little in return. In fact, it took 46 long pages of *Hansard* to let the Canadian people know that rat poison would be cheaper and even the ambulance if required could be used at a reduced cost.

An hon. Member: How about glass eyes?

Mr. Robichaud: Glass eyes come later. And having close relations with poison and the

ambulance, we were told that even the flowers would cost less; and I am wondering, Mr. Speaker, whether the pied piper of the Tory party is aware that under a Conservative administration an increasing rodent population is inevitable and could easily invade our idle factories, our closed mining pits and our depressed manufacturing plants to such an extent that a cheap poison would be needed to prevent a disaster resulting from such an undue plague.

After listening the other night to the Minister of Finance and also after listening on Friday afternoon to the hon. member for Carleton (Mr. Bell) who was trying, in vain I would say to carry the ball for the government but who unfortunately for them dropped and missed and fumbled, one cannot help but reach the conclusion that the Conservative party may have fooled some of the Canadian people some of the time but all of the Canadian people will not be fooled all of the time.

The 1958 budget will remain in history as a great disappointment to the nation, a budget where the main problem of unemployment has been practically overshadowed by a cloud of mist and uncertainty, a budget where many words were spoken, numerous figures were tabled, but still a budget where confusion, disappointment and unrest prevailed, a budget where even the hopes of the Minister of Finance himself had vanished in illusion and in imagination. It is a budget inconsistent with the policy advocated by the minister and by his colleagues; it is a budget in fact, which by its nature is inflationary and which offers no measure whatsoever to curb or slow down the present trend of inflation which is still threatening the Canadian economy. On page 2009, volume II of *Hansard* for December 6, 1957, we find the following words:

> Having previously forecast a surplus of revenue over expenditure for the year ending March 31 next of $106 million, we may now expect a surplus of $80 million after giving effect to the tax changes that I have proposed.

Those were the words pronounced in this house on December 6, 1957, by the Minister of Finance (Mr. Fleming). At a later date, on page 4019 of *Hansard* for January 30, 1958, only two months before the closing of accounts for the last fiscal year, the same minister answered a question addressed to him by the former member for Okanagan-Boundary in the following words:

> It is not customary to answer questions of that kind or to make interim statements during the course of the fiscal year as to what the expected end result may be of the government's financing for the year. There is not any statement as of May 31, as the question seems to assume. I did give the house a statement on December 6 as to the expected surplus at the end of the current fiscal year.

[Mr. Robichaud.]

I want the minister to listen carefully to the next sentence.

> I have no reason to depart appreciably from that estimate, and I think at March 31 government operations for the year, thanks to prudent management, will show a respectable surplus.

Mr. Hardie: He knew then there was going to be an election.

Mr. Robichaud: On Monday, June 16, the minister tabled the budget papers covering the government's accounts for 1957-58 or the highlights of government financial operations in the last fiscal year. In this way the house and the country learned that the great hopes of the Minister of Finance had vanished and his predicted surplus of $80 million three months earlier had been transformed into a $39-million deficit, a deficit to which we can add another $102 million to take care of the deficit on the old age security fund which is now covered by a temporary loan and for which parliament will be asked to authorize a regular vote for expenditures.

An hon. Member: Were you opposed to increasing pensions?

Mr. Robichaud: It must have been rather embarrassing, and I could add almost humiliating, for this great believer of balanced budgets, for this self-appointed protector and custodian of the nation's rights, to have been selected to present the 1958-59 budget, the largest deficit peacetime budget in Canadian history. We are now told by the minister that he is forecasting a deficit of $648 million for the fiscal year. How about the $165 million being liquidated from the national defence equipment account and which, when added to the government's deficit, will make a total of $813 million? On December 6, 1957 the minister predicted a surplus of $80 million, and even as late as January 30 of this year, as I have cited earlier, he stated, and I want to repeat his words:

> I have no reason to depart appreciably from that estimate, and I think at March 31 government operations for the year, thanks to prudent management, will show a respectable surplus.

The minister must have had personal and political reasons for his optimism. Those words were uttered when a general election was in sight, and at a time when the minister was refusing to bring down a budget; at a time when it was in the best interests of the hon. gentleman and of his party to hide from the Canadian electors the true facts about Canada's financial situation. After returning to power, and during the last three months, the same government, the same Minister of Finance, this same gentleman who on December 6 last informed this house that no previous minister had ever faced as heavy a

volume of work as that which faced this minister; this same hon. gentleman who on that date very humbly told about the 17 or 18-hour work-day and his 100 hours of work per week; yes, the same minister in the most frank and flowery exposure within the memory of parliament, delivered to the nation the results of his labours, the results of his ambition for power at all costs.

The 1958 budget will remain in history as the Diefenbaker vision at its best. It is a budget which will result in the Canadian taxpayers being asked to supply a total of $1,400 million of new cash for the present fiscal year. I want to warn the hon. gentleman that this could result in the present government advocating, before long, measures and policies quite different from those which they have so far enunciated. We have in sight what could shape up as the biggest year for new government borrowings since the war years, and the present government may be gradually heading into a situation in which they will not be in a position to practise what they have preached and having to put into effect policies which they claimed to have been so strongly against in past years, particularly since taking power in January of last year. At this advanced date in the present session the whole country is still waiting for the exposure of this so-called vision of the Prime Minister, a vision which may coincide with the definition of the word itself and could well be nothing else but an illusion. We may find that the utopia existed only in the minds of the members of the government of the day.

Where is this so-called additional money that was to be available for stepping up the program of public works? The estimates of the Public Works Department have been before this house and the larger portion of those estimates have been passed. What did we find? We found nothing but the normal increases of previous years, accentuated it is true to a slight extent, but far from representing the great national development policy about which we heard so much during the last campaign. Where is the huge public works program to be inaugurated, in the words of the Prime Minister, to ensure development of the country and to provide help to Canadians, work to Canadians and an opportunity for the better things of life?

On Friday evening last the Conservative members got together to celebrate on the eve of their first anniversary in government. While gifts and praise were being showered on the man—

Some hon. Members: Hear, hear.

Mr. Robichaud: Hon. members can applaud, but while gifts and praise were being showered on the man they said made this Tory political era, while Conservative members, senators and organizers were jubilantly celebrating, what was going on outside? What was taking place in the country from Newfoundland to British Columbia?

Mr. Montgomery: What was taking place?

Mr. Robichaud: It is sad to state and sad to realize what was taking place; in fact after 12 months of Tory power history repeats itself. The first budget of a Conservative government was one of gloom, one of disappointment and one which represented too high a cost for a democracy to pay for a change of government. After 12 months of Conservative power, at this late date in June, 1958, we have to admit that there are over 500,000 men and women seeking jobs, hungry for food. This is happening in a young, growing country in which, according to the minister's own words: "Providence has blessed us with vast resources and in which its people are vigorous and enterprising." To this the hon. member for St. John's West (Mr. Browne), if he were in his seat, might add "So what!"

An hon. Member: What would you do?

Mr. Robichaud: You may find out before I am through with my remarks what I would do. The Prime Minister (Mr. Diefenbaker) had a great vision, a northern vision full of promises and expectations. At this point, Mr. Speaker, I want to remind the Prime Minister once again of the pledge which he made to his people of Prince Albert on February 14 last when he said this:

> As long as I am Prime Minister, no man or woman is going to suffer from unemployment so long as public works will provide them the assistance they require.

Some hon. Members: Hear, hear.

Mr. Robichaud: Very few of the hon. members opposite are applauding. I realize why there are so few, Mr. Speaker.

There are today in the country—and the Prime Minister is aware of it; and I repeat it—over 500,000 hungry Canadians seeking work. Must this be taken as an evidence that the present government's program has failed to reach its objective and has proven to be ineffective. To those members who were applauding I want to repeat what I said in this house on May 19 last:

> Is this the right time to spend hundreds of millions of dollars to open new roads in uninhabited areas, to help discover new mineral deposits at a time when our own already populated areas need new roads and at a time when our people are urgently in need of employment?

Day after day, week after week, mines are closing down or are curtailing their operations. Only last week the last mine operating in my constituency of Gloucester had to close its doors. There was vanishing the great hopes and opportunities of the years 1953 and 1954 when northern New Brunswick was credited with the greatest mining discovery of the year. Only four years later our population cannot recover from this shock; they are forced to admit that their great faith and optimism, their yearning for years to come; have disappeared almost overnight. Again last week it was the Dominion Coal Company announcing that its coal mining operations will for "several months" or "until new markets can be found" operate on a short-time basis.

Mr. Morris: On a point or order—

Mr. Robichaud: The hon. member will have plenty of time to make his remarks.

Mr. Morris: May I speak on a point of order, Mr. Speaker?

The Acting Speaker (Mr. Rea): The hon. member is rising on a point of order.

Mr. Morris: The hon, member has been a member of this house for some considerable time. Surely he is aware of the fact that the reading of speeches in full is not permitted. We on this side of the house are not even sure that it is his own speech.

Mr. Robichaud: Mr. Speaker, if I have notes at my disposal, I can say that they are the result of the homework I have been doing in the last few days. This statement may not apply to the hon. member and to his colleague the member for York-Scarborough (Mr. McGee) who may need the help of his father-in-law at times to prepare some of his remarks as he is an expert in interjections in this house.

When I brought this problem to the attention of the government at the opening of the present session—in fact it was on Friday, May 16 last—the Minister of National Revenue (Mr. Nowlan) bluntly denied having any knowledge of such curtailment being contemplated by the coal company. Today, one month later, the same company cannot carry on with its present scale of operation. With a stockpile of 1,400,000 tons on hand growing from day to day, and with market prospects far from bright and promising, it is forced to close down for an indefinite period. After such a decision how can the Minister of Mines and Technical Surveys (Mr. Comtois) justify the statement he made a few weeks ago to the effect that the entire stockpile of coal was sold and waiting to be moved to destination points at a later date? How can he justify the reply which he gave to my question this afternoon when he said that no proposal had been put before the government for aid of the coal companies of Nova Scotia?

Mr. Morris: Oh, oh.

Mr. Robichaud: I realize that the hon. member for Halifax does not like the remarks I am making at this time. What did we hear about this situation from members on the government side of the house, including the hon. member for Halifax? Only on Friday last, after the company's announcement was an accomplished fact, did the hon. member for Cape Breton North and Victoria (Mr. Muir) ask the Minister of Mines and Technical Surveys for assistance for the 8,000 to 9,000 miners affected by this temporary lay-off.

Oh, Mr. Speaker, the burst of applause and rejoicing from the members on the government side in listening to the presentation of the budget on Tuesday last, must well have changed into serious thinking and more realistic understanding after they had a chance to realize fully how little relief the Canadian people can expect from these 20,500 words, splashing more red ink than satisfaction. Let the hon. members realize that their party has been in power now for over 12 months and let them have a serious and unbiased look at the situation in their respective constituencies and compare conditions with those existing a year or so ago.

An hon. Member: It is impossible for you to take an unbiased look.

Mr. Robichaud: My hon. friend will be like many of his colleagues. He as well as they will be unhappy to find that the number of unemployed has increased by almost 100 per cent in almost every region and in almost every constituency. He can also listen to this statement. The line-ups awaiting them when they visit their respective constituencies are for them more sickening than heartening. These are the conditions existing today in the Atlantic provinces as well as in other areas of the country.

I still well remember how scandalized the members of the Conservative party were when the preliminary report of the royal commission on Canada's economic prospects was made public in January of 1956. This report of the Gordon commission had reserved special chapters to the economy of the Atlantic provinces and included many strong recommendations concerning the area.

Mr. Morris: Including deportation.

Mr. Robichaud: May I say this to my hon. friend. You will admit, if you want to be

unbiased, that in certain sections of the maritimes, in certain communities of your own constituency as in mine and as in that of the hon. member for Restigouche-Madawaska (Mr. Van Horne)—and he would admit it if he were in his seat—we have a certain percentage of our population which should be removed to more progressive areas.

Mr. Morris: Oh, oh.

An hon. Member: Get that on the record.

Mr. Bell (Carleton): Would the hon. member permit a question? Would he indicate what section of the constituency of Gloucester he believes ought to be deported?

Mr. Robichaud: My friend I do not want to take too much time with my remarks but I want to tell the hon. member for Carleton (Mr. Bell) that in my own constituency of Gloucester in certain settlements back of Nicholas Denys and in certain sections of Allardville parish a certain percentage of the population would be better off if they were removed to a more highly populated area in my constituency where they could find work or employment.

An hon. Member: You had better stick to your written speech.

The Acting Speaker (Mr. Rea): Order.

Mr. Robichaud: I notice two bells ringing, the Saint John bell and the Carleton bell but I will carry on just the same.

In his budget presentation in March of last year the then minister of finance, Mr. Harris, included some of the main recommendations of the Gordon report and the government was called upon to proceed with the necessary legislation required for the actual implementation of this particular program.

In the few minutes left at my disposal I should like to deal specifically with some of the problems of the Atlantic provinces where the basic need is business together with a diversified industry and a diversified system of economic activities.

The improvement of an integrated basis of transportation facilities, a new application of a land use classification scheme with wider and more practical assistance to small farmers, a more effective and modified system of encouragement towards the greater use of Nova Scotia coal are some of the solutions to the economic problems of the Atlantic region. Some hon. members on the government side will say, "Why did you not do these things when you were in power; why did you not speak about these things when you were sitting on the government side?"

Some hon. Members: Hear, hear.

Mr. Robichaud: "Hear, hear". I wish to advise those hon. members that they have the privilege of looking over the record of discussions which took place in previous sessions of parliament and they will find, probably to their great disappointment and surprise, that my remarks were not limited to congratulations to the government of the day but included constructive suggestions, some of which have resulted in the realization of some of my hopes. Many of these today are accomplished facts.

Some hon. Members: Hear, hear.

Mr. Robichaud: Hon. members must recall that it was during the last Liberal regime, from 1935 to 1957, that the Liberal party led this country with great glory through world war II and it was the Liberal party which, in the post-war period, gave to Canada the greatest decade of expansion and prosperity in its history.

I have just mentioned the improvement of an integrated basis of transportation facilities as an important factor in the solution of the economic problems of the Atlantic region. General recognition of the transportation problem which exists in the Atlantic region is required, as is a long and most complete study of the whole situation. This problem cannot be easily assessed; it could involve rather serious difficulties. It is in fact directly related to the economic development of the whole area and higher government subsidies may not be the answer. Consideration should be given to a more efficient and better integrated system of transportation based upon the economic possibilities of the entire Atlantic region.

On October 18 last the Minister of Transport (Mr. Hees) said that the bureau of transportation economics operating within his department had been instructed to carry on studies with respect to the transportation problems in the Atlantic region but, on January 30, the only information I could obtain from the minister was that very satisfactory progress was being made with this study. Knowing that the minister never makes exaggerated statements to this house, I inquired of him on May 15 last, seven months after he had announced the study was under way, as to when we might expect a report on the findings of this study. The reply was short and to the point—the study had not been completed. However, on June 10, in reply to a similar question, I received a rather more ambiguous reply from the minister and I will quote his own words as follows:

> As no time was set as a target, and as this investigation is a study, it will be carried on until conclusions are reached. It is impossible to give a direct answer to the hon. member's question.

Here is a problem which deserves the immediate and most serious consideration of the government and it is a problem that is considerably aggravating and is substantially contributing to the slow and too modest start in the development of our natural resources.

In view of the immediate importance of this matter, I would suggest the appointment of a special agency, comprised of full-time government officials, which would have specific instructions to study our Atlantic air, water and land transportation systems. Representatives of the Department of Trade and Commerce, the Department of Transport, the Department of Public Works, the Canadian National Railways, the national harbours board and the Department of Finance could share in the work of this agency. Other problems such as the government's purchasing policies, coal policy, the problems of agriculture and fisheries, could also be assigned to this special federal agency. In other words, this would be the group responsible for the co-ordination of the work of different departments, including matters of research, with respect to the Atlantic region.

Such an organization should be assisted by a special Atlantic provinces fund to be assigned for the economic development of the region. The government could set aside the sum of $75 million to $100 million, which at the initiation or suggestion of the provinces concerned, could be used—for say a five-year period—to promote major projects which could in turn ensure the economic progress of the area. A joint capital projects commission under the jurisdiction of the four Atlantic provinces could recommend to the federal authorities or to this agency those projects requiring financial assistance on a priority basis, and the whole Atlantic region would be isolated as a single unit for such a purpose, which would provide for a wide range of federal intervention within these provinces.

I want to make it clear that our oldest provinces should not be regarded as just another Colombo plan area for which the federal government should be asked to vote emergency subsidies. It is furthermore not another area where large interests in the central provinces can look for secondary outlets for their consumer goods or for good market prospects for the disposal of surplus production. What we want in the Atlantic provinces is a fair share of and a participation in the economic growth of Canada; we want to participate through a more diversified system of business activity in the industrial expansion which has so obviously taken place in the last decade in most sections of our country.

[Mr. Robichaud.]

There is no doubt that the Gordon commission report, which was followed by concrete measures instituted by the prior administration in co-operation with the efforts of local authorities, created a great psychological effect on the maritime population, resulting in the generation of the confidence and initiative which is so essential for the development of our resources and the expansion of new industries.

The special agency I have suggested—possibly operating under the direction of the Department of Trade and Commerce—could be either a departmental division or a crown corporation whose primary responsibility would be to promote economic development. It has been recognized that the Atlantic provinces do not share the expanding frontiers of other parts of Canada and that something should be done to bring the economy of this vast area in line with those regions.

Once again I wish to remind hon. members that my suggestion should not be regarded as the introduction of a second Colombo plan for the purpose of helping to subsidize a particular emergency program. On the contrary, the people of the Atlantic provinces and the people of other provinces of Canada have witnessed other federal programs such as P.F.R.A., the construction of the trans-Canada pipe line, the St. Lawrence seaway and other projects which have helped certain regions far more than they have helped the Atlantic area. I might say some of these developments have even been detrimental to the Atlantic region, particularly from an economic point of view. The special assistance I have suggested, far from being considered a handout or a charity, could be an effective method of balancing out certain disadvantages which could have resulted from federal intervention in other regions.

Such interventions were needed and have proven beneficial to the areas concerned and the same effects would apply to the Atlantic provinces.

I am not discounting the special grants of $25 million awarded for a period of four years to the four Atlantic provinces as per a formula forming the basis of the equalization principle and being effective as of April 1 of this year. Let us not, however, arrive at the conclusion that these special grants will by themselves solve the problems of those provinces. I hope also that hon. members on the government side are not of the opinion that this particular measure was the first move by Ottawa towards recognizing the needs and requirements of the Atlantic provinces. In looking over the estimates for the fiscal year 1958-59, I find very little in new projects of major importance which could

have favourable and influential reaction in relieving our present unemployment situation. In fact, the largest items in public works estimates are votes specifically designed for the completion of projects originated under the previous administration. It may be advisable to remind hon. members opposite of such projects as the Canso causeway, the Macdonald bridge, the Chatham air base, a number of airports, and the $100 million Camp Gagetown, all projects of major significance which have taken place in the Atlantic provinces in the last ten years.

Mr. Morris: What has the federal government got to do with the Macdonald bridge?

Mr. Robichaud: The hon. member has something to learn before he will find out.

The northern vision of the Prime Minister could well be revised, and a second look at the Atlantic provinces might right now be suggested by all members from the provinces by the sea.

I am not against the development of the northern section of our country, but again I want to say let us think twice before we launch now, at this crucial period, a vast expansion program at Baffinland, and let us concentrate on areas where the people are unemployed, on areas where vast natural resources are already available and where its development could immediately contribute to the economy of the whole country from coast to coast. Opportunity exists in New Brunswick, and why should the attention of the government be leaning towards the north when our own mines, one of our own basic industries, lie dormant waiting for better days to come. It is important for the maritimes that concrete action be undertaken soon in order to meet the needs of our population by taking full advantage of the possibilities offered from our great untapped reserves.

Mr. Speaker, it may not be too late for the Minister of Finance and the present government to reconsider its attitude and to give practical recognition to our particular problems. Time does not permit me to elaborate further, but in closing I wish to emphasize once more the immediate need for a more concrete study of our transportation problems, for special consideratoin of the possibility of better land use by our farming population, for the creating of a special agency for promoting the development of our natural resources and, finally, the fulfilment of a program which could bring the Atlantic provinces back in a position comparable with the rest of Canada, sharing equally in the country's growth and expansion.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, in rising to take part in this debate I should first like to congratulate the Minister of Finance (Mr. Fleming) for having done a job which would have stumped any of his predecessors. Previous budgets were rather easy to make because it was only a question of finding a rug large enough to sweep the surplus under. But this budget, where there has to be a careful plan of pump priming and also a continual watch in case of inflation taking over, is a job for an expert and I congratulate the government on having a minister of the calibre of the Minister of Finance.

As the Minister of Finance has stated, we have a paradoxical situation of having at one and the same time a period of recession and a danger of inflation. In this regard I should like to echo the words of the minister when he said that this country must depend on the sense of responsibility of every man and woman not to take more than their fair share of the national income; that increases in income can only be justified by increased productivity, and by increased productivity alone; and that only by keeping our cost of production in line with that of our competitors could we hope to achieve expanding employment and a progressive improvement in our standard of living. The Minister of Finance also emphasized—and this, perhaps, is something new to the members of the opposition—that in respect to all public expenditure we should continue to search for economies and eradicate inefficiency and waste wherever we find them. He asked all members of parliament, regardless of party, to assist him in tracking down waste in every way possible.

We all know how diffidently our friends on the opposite side accepted the offer of the chairmanship of the public accounts committee, which is one major method by which a check can be kept on public expenditure. We also know that on the estimates committee a free rein is given to all members to check as deeply as they wish into the estimates that come before that committee and that is the first time that the committee has had the power, as a standing committee of the house, to do the job that it should be doing.

The budget speech also emphasized that the budget had taken energetic steps to combat the recession. We know that interest rates have declined substantially and that the banks for some time now have had plenty of funds with which to meet all credit requirements. We have been informed that treasury bills are now at their lowest interest rate for many years, and this easing of funds, this change in our monetary policy, has been of tremendous benefit to the country in combatting this recession. Although present investment intentions of business for capital

outlays in 1958 are 11 per cent below the 1957 level, planned outlays for housing, expenditures by government departments and institutional services on the other hand are 14 per cent higher.

I contend that the government acted, and that it has acted with decision. As a result of this action—the measures taken with regard to housing, the increases in pensions, veterans benefits and unemployment insurance—the present recession has taken a much more moderate course in Canada than in the United States to whose economy we are so closely linked. For instance, on a yearly adjusted basis our retail sales are running ahead of last year, while in the United States they are down about 6 per cent. Industrial production in Canada has declined about 5 per cent from its peak, while in the United States the drop is 12 or 13 per cent. Total labour income in Canada has hardly declined at all, while in the United States it is down about 3 per cent. We do not take any satisfaction in the somewhat greater declines in the United States, for nothing could benefit Canada more quickly than an early resumption of business expansion in the United States. But this government is entitled to some credit for the relatively stronger economic position in Canada.

The Minister of Finance expects revenue to be down $387 million and more than half of this reduction, as he pointed out, is due to tax reductions made by this government. However, it is of interest to note that the remaining half of this reduction comes almost entirely from a falling off in corporation profits. Further tax reductions submitted in this budget total $26 million in a full year and these combined with previous tax reductions brought in by this government give a total of $200 million in the way of tax reductions in this government's first year in office.

Although the budget anticipates a record deficit of $648 million the relationship between the net debt as estimated for 1958 and the gross national product is practically unchanged and in fact is lower than the percentage relationship in 1955 or any previous year according to the table included in the budget speech. This percentage relationship was 37 per cent in 1958, 42 per cent in 1955, 44 per cent in 1953 and 47 per cent in 1951. With the exception of the years 1956 and 1957 this is the lowest percentage of the net debt expressed as a relationship to the gross national product.

At this point I would like to express appreciation to the Minister of Finance for the steps that were taken with regard to the revision in the tariff on wood products.

[Mr. Broome.]

I wish to quote from the budget speech as recorded at page 1248 of *Hansard* where the minister said:

> Another change relates to the duty on certain lumber products. A recent decision of the tariff board had the effect of classifying many kinds of worked lumber as "manufactures of wood" carrying a higher rate of duty than had generally applied previously. Canadian lumber interests have expressed serious concern about the possible implications of this change for their important export interests and they have been urging that the earlier position be restored.

This budget restored the earlier position which gave United States exporters equality with Canadian exporters to the United States. Considering that we ship more into the United States than we import from that country this is the measure which we on the west coast really desired.

The lumber industry on the west coast accounts for at least 25 per cent of our total payrolls and in certain areas it is the mainstay of entire communities. The position of the lumber industry is dependent to a large extent on transportation costs. Transportation costs to eastern Canada have been skyrocketing in the last few years according to the brief submitted to the transport board by the British Columbia lumber manufacturers' association. This association points out that between April 8, 1948 and January 1, 1957, freight rates have increased from 85 per cent to over 100 per cent. The effect of this has been that rates per 100 pounds Vancouver to Toronto which were 88½ cents prior to April 8, 1948 rose to $1.55 on January 1, 1957. If you transfer these rates from the basis of 100 pounds to 1,000 board feet measurements on the basis of 2,600 pounds per 1,000 feet board measure you arrive at a freight rate from Winnipeg to Vancouver which prior to April 8, 1948 was $14.70 increased to $34.60 on January 1, 1957. If it had not been for the action of this government in refusing the latest increase asked by the railways that figure would have risen to $35.90. On the same basis of comparison, Vancouver to Toronto, the rate prior to April 8, 1948, was $22 and on January 1, 1957, it had risen to $40.30.

While freight rates have gone up by over 100 per cent the average selling price f.o.b. mill on coast lumber has on the other hand decreased from $74.28 per 1,000 feet in 1948 to $70.13 per 1,000 feet in 1957. The brief goes on to point out that the British Columbia coast producers being the farthest from the Canadian consuming markets in the prairies and in eastern Canada have of course been hit hardest by these freight rate increases. They point out that in 1948 British Columbia shipped to the prairie provinces 4,330 carloads of lumber. They shipped 1,760 carloads of

lumber in 1957 to this market. They shipped 5,660 carloads to eastern Canada in 1948 and only 3,530 carloads in 1957.

The reason for this of course is that the railroads are caught in a squeeze. A great portion of their traffic comes under bound rates which they cannot change or they will lose the revenue. Also the Crowsnest pass and related rates on grain constitute 27 to 30 per cent of the railroads' volume of traffic and comprises less than 10 per cent of their revenue. In brief the railroads have to have more revenue and they have a limited number of commodities on which they can get that revenue. The answer is not to take away from the grain grower the rates which were given to him at the time the Canadian Pacific railway was put through. It is also not the answer to make a relatively small volume of traffic carry all the extra cost as far as railway operations are concerned. It may be that the railways will be able to hold the line through increased efficiency and complete dieselization. I believe that the Canadian Pacific railway and the Canadian National Railways are about 50 per cent dieselized at this time.

The lumber industry on the west coast had several other requests of which I will mention only one and that is with regard to forestry expenses. They request that these be made allowable expenses in the calculation of income tax. With respect to depletion they request that it be based on realistic replacement values for the depletion of lumber resources, that is the replacement of timber as it is cut down. They request that it be placed on the basis of the value of the timber at the time of replacement rather than at the time of acquisition. Two of the largest forestry economies in the world, the United States and Sweden, have both realized the significance of this problem and allowed depletion on this basis. I hope the government will take a look at the request of the lumber industry and that it will see fit to meet some of their requirements.

The lumber industry submitted briefs to the tariff board with regard to the proposed increased protection on Canadian steel and steel products and with respect to woollens and worsteds. I took the time to check very carefully into the changes that were proposed by the tariff board. I can assure the hon. member that the changes made in the iron and steel schedule were such as to increase the British preference, if anything, because the previous government had through a multiplicity of end uses—and by that I mean specifying certain end uses of steel imported for that purpose—so changed matters that no tariff would apply. Therefore, in effect, the tariff for a great part of the imports was ineffective. Again, the tariff was based on steel at, I believe, six cents a pound. This tariff was set up 15 or 20 years ago. Steel has increased in value to such an extent that the tariff rate at present is not even equivalent to what it was supposed to be at the time it was put on.

As far as woollens are concerned, the increases granted are purely nominal. As far as I can see, the major victory is that we have kept a ceiling of 55 cents to 60 cents a pound and that limits the amount of the tariff that can be paid. I believe the figures given indicate that it will amount to something in the neighbourhood of 20 cents or 30 cents extra cost in the material that goes into a suit of clothes.

While I am discussing our lumber industry, I should like to make reference to the harbour of Vancouver. It may be that some changes should be made in the charges by the national harbours board. In the year 1957 the Vancouver harbour board had a surplus of $1,214,000. Montreal had a deficit of $679,000; Halifax had a deficit of $285,000; and Quebec had a deficit of $1,152,000. Therefore, the deficit of these three ports combined amounted to something over $2 million as compared with an operating surplus in Vancouver of almost $1,225,000. It may be that the charges in Vancouver harbour are perhaps a little excessive or else our operation is a great deal more efficient.

I should like to thank the minister for the changes made in section 35 of the Customs Act which has to do with dumping. In explaining this the minister had this to say, as reported at page 1246 of *Hansard*:

> The present dumping duties section of the customs tariff together with the valuation provisions of the Customs Act are adequate to deal with some forms of dumping. However, they do not deal with cases where goods are being imported into Canada at less than their cost of production and are also sold in the country of export below cost.

The minister said that section 35 was to be amended along the lines of the legislation in effect prior to 1948, requiring that, where appropriate, the value for duty of imported goods shall not be less than the cost of production plus a reasonable advance for selling cost and profit.

I can assure hon. members that this change will be of tremendous advantage, not only to the textile industry of Canada for whom it was developed but also to such people as the Canadian association of equipment distributors who are in the contractors plant and machinery field. I should like to refer to an

article which appeared in the *Financial Post*, and which reads as follows:

> Threat of millions of dollars of cut-price, used U.S. construction equipment flooding the Canadian market grows.
>
> Until now Canadian machinery men have worried mainly about:
>
> Surplus equipment at U.S. bases in Canada.
>
> A build-up in the U.S. itself of privately-owned used equipment.
>
> But now comes word that middlemen may try to unload in Canada huge government-owned stocks under bond in Los Angeles and other cities.
>
> Much of the equipment has come from U.S. foreign defence bases and is prohibited by law from being sold in the U.S.
>
> From U.S. Pacific coast cities: Strenuous efforts are being made by bulk purchasers of government-owned equipment, now under bond, to unload it in foreign markets.
>
> A large movement of it into Canada can be expected if it is not made illegal.

I expect this change in section 35 will take care of something which could completely disrupt the machinery industry on the west coast and, for that matter, throughout Canada.

Would you call it ten o'clock, Mr. Speaker?

On motion of Mr. Broome the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business will be tomorrow?

Mr. Green: A continuation of this debate all week.

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

ANSWERS TO QUESTIONS

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

CENTRAL MORTGAGE AND HOUSING LOANS

Question No. 65—**Mr. Meunier:**

1. How many loans were made in each province by the Central Mortgage and Housing Corporation from June 10, 1957 to date?
2. What was the total amount in each province?
3. During the same period, how many such loans were made in the area of (a) Montreal; (b) Quebec; (c) Sherbrooke; (d) Three Rivers; (e) Abitibi; (f) Hull; (g) Lake St. Jean; (h) Rimouski; (i) St. Hyacinthe; (j) St. Jean?
4. What was the total amount of such loans in each of the above areas?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1 and 2.

June 1, 1957—March 31, 1958

	Corporation Loans Including Small Home Loans—Agency			Insured Loans		
	Loans	Units	Amount	Loans	Units	Amount
Newfoundland	138	141	$ 1,581,980	35	35	$ 422,574
Prince Edward Island	4	4	34,271	6	6	75,150
Nova Scotia	163	217	1,948,807	273	285	3,089,454
New Brunswick	202	236	1,996,517	214	217	2,210,088
Quebec	4,019	7,000	62,873,294	2,704	2,843	31,555,613
Ontario	12,693	17,584	169,262,599	10,223	11,414	127,044,997
Manitoba	726	1,236	10,777,872	540	548	5,886,538
Saskatchewan	492	899	7,750,951	871	871	9,198,214
Alberta	2,992	3,778	35,958,060	2,350	2,364	26,899,905
British Columbia	2,159	2,985	27,655,346	1,896	1,929	22,137,137
Total	23,588	34,080	$319,839,697	19,112	20,512	$228,519,670

3 and 4.

June 1, 1957—March 31, 1958

	Corporation Loans (Including Small Home Loans—Agency)			Insured Loans		
	Loans	Units	Amount	Loans	Units	Amount
Montreal	1,328	3,985	$ 32,318,939	1,230	1,350	$ 15,283,338
Quebec	357	371	3,725,288	304	310	3,084,029
Sherbrooke	29	30	310,160	38	41	450,453
Three Rivers	28	28	290,060	7	7	77,373
Abitibi county	3	50	387,133	3	3	32,811
Hull	103	110	1,189,136	45	45	516,365
Lac St. Jean county	122	123	1,211,253	14	14	143,830
Rimouski	17	17	158,248	6	6	65,751
St. Hyacinthe	—	—	—	6	6	66,040
St. Jean	9	9	90,500	18	21	204,982
Total	1,996	4,723	$ 39,680,717	1,671	1,803	$ 19,924,972

NOTE: Statistics are not tabulated for part of a month, i.e., from June 10-30, 1957.

NATIONAL DEFENCE—CIVILIAN DISMISSALS

Question No. 84—**Mr. Deschatelets:**

How many civilian employees have been dismissed from the staff of the Department of National Defence since March 31, 1958 (a) in the Montreal area; (b) in the Quebec area; (c) in the Toronto area?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

The number of dismissals, i.e. action following a breach of regulations, in the Department of National Defence since March 31, 1958:

(a) 2; (b) 4; (c) nil.

IMPORTS FROM UNITED KINGDOM

Question No. 85—**Mr. Deschatelets:**

1. What was the total value of imported goods from Great Britain to Canada (a) from June 1, 1956

to June 1, 1957; (b) from June 1, 1957 to June 1, 1958?

2. For the period June 1, 1957 to June 1, 1958, what was the total value of imported goods from Great Britain in the following categories: (a) footwear; (b) textiles; (c) automobiles; (d) machines and parts?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1 and 2.

Value of Imports from the United Kingdom to Canada

	June 1, 1956 to May 31, 1957	June 1, 1957 to Feb. 28, 1958 (latest available)
	$	$
Total imports	504,089,771	377,666,191
Footwear	4,025,952	3,012,038
Textiles	49,473,076	32,905,443
Automobiles	25,362,800	25,115,005
Machines and parts .	48,959,111	37,203,131

Statistical Classes Included

Footwear	Textiles	Automobiles	Machinery
1702-1703	3026-3055	5641-5644	5290-5296
2232-2234	3131-3140		5302-5307
9059-9060	3221-3232		5321-5324
	3281-3296		5326-5334
	3371-3373		5343-5352
	3401-3402		5354-5361
	3472-3486		5363
	3488-3501		5441-5590
			5591 (as of Jan. 1/58 only)

INSURANCE PAYMENTS TO FISHERMEN

Question No. 88—**Mr. McWilliam:**

1. What amount has been paid by fishermen on (a) lobster trap insurance premiums; (b) fishing boat insurance premiums, by Nova Scotia and New Brunswick fishermen respectively?

2. What amounts have been paid out under the insurance plan for loss and damage to lobster traps and fishing boats to Nova Scotia and New Brunswick fishermen?

3. What are the numbers, respectively, for Nova Scotia and New Brunswick, of fishermen who have insurance coverage for lobster traps and fishing boats?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

As at April 30, 1958:

1. (a) Nova Scotia, $47,751.82; New Brunswick, $563; (b) Nova Scotia, $60,601.23; New Brunswick, $14,664.49.

2. (a) Nova Scotia, $147,803; New Brunswick, $999.75; (b) Nova Scotia, $69,610.31; New Brunswick, $13,153.

3. (a) Nova Scotia, 256; New Brunswick, 1; (b) Nova Scotia, 957; New Brunswick, 361.

HOUSE OF COMMONS

Tuesday, June 24, 1958

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

HUNGARY—STATEMENT ON CANADIAN PROTEST RESPECTING EXECUTION OF FORMER LEADERS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, last Friday I said that a note of protest would be sent to the Hungarian government expressing the strong disapproval of the Canadian government and the Canadian people of the execution of former Premier Nagy of Hungary and his associates. I now wish to inform the house that today a note was delivered to the Hungarian representative at the United Nations, the material portions of which are as follows:

> The revulsion and shock manifest throughout the world at the news of the execution of Imre Nagy, former premier of Hungary and his associates, is shared by the government and the people of Canada. The fact that the victims were taken into custody after assurances were given by the Hungarian government that no sanctions would be taken against them and that they could proceed freely to their homes makes their execution the more reprehensible.
>
> It is greatly to be regretted that the Hungarian government has seen fit to carry out these harsh reprisals which flout the principles of justice and worsen the international climate. In 1956 and in 1957 world opinion expressed itself unmistakably on the tragic events in Hungary through debates in the United Nations and in the report of the special United Nations committee of investigation. These executions are therefore considered by the Canadian government as part of an unjustifiable terrorist policy which is abhorrent to the people of Canada and which makes it difficult to maintain the hope that the Hungarian government, along with other governments of eastern Europe, will be able to move forward towards a more liberal dispensation for their peoples.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I merely wish to associate the official opposition with the protest which the Prime Minister has made in such fitting terms on behalf of the government in respect of this horrible deed.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group wishes to associate itself with the protest made on behalf of the Canadian people by the Prime Minister and to express our total lack of comprehension for this unnecessary cruelty and foolishness.

COAL

NOVA SCOTIA—REPORTED CUTBACKS AND MINE CLOSURES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wish to direct a question to the Prime Minister, based upon a communication I have received from local 4527, United Mine Workers of America, and upon press reports indicating further cutbacks and mine closures in Nova Scotia. Would the Prime Minister state what action is proposed by the government to restore employment in the coal industry?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as the situation in Nova Scotia is concerned, there has been such an overproduction of coal that it has required action on the part of the coal producing companies. The suggestion was made that the federal government might place itself in the position of a guarantor in respect of certain advances to be made to the coal companies, thereby providing a continuance of production until such time as the accumulation of more than 1 million tons of coal has been sold.

This represents the situation at the present time, but consideration has been given to the representations which have been made. As yet, however, I am not in a position to say whether it would be appropriate from a constitutional point of view for the national government to take the action suggested. In addition, the whole situation is being canvassed with a view to ameliorating to the greatest possible degree the discomfort caused to the workers and their families through the temporary discontinuance of production.

UNEMPLOYMENT INSURANCE

REQUEST FOR FURTHER EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wonder if I could ask the Prime Minister whether it is the intention of the government to ask parliament to extend the seasonal benefits under the Unemployment Insurance Act, or whether he is taking any other steps

to maintain or provide incomes for unemployed persons in this country?

Right Hon. J. G. Diefenbaker (Prime Minister): In so far as the earlier portion of the question is concerned, it is not the intention to extend still further the already extended period of seasonal benefit payments. In so far as the balance of the question is concerned, I would say that the question of unemployment generally is one which is receiving constant consideration, and when further measures are to be introduced parliament will be made aware of the government's intentions.

LABOUR CONDITIONS

UNEMPLOYMENT—SUGGESTED DELAY IN MAKING SURVEY

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask the Minister of Labour whether, in connection with the statistics given out this morning by the dominion bureau of statistics regarding the level of unemployment in Canada, the minister can say whether or not it is the case that there was a delay in making the survey on which these figures are based and, if there was such a delay, can the minister explain why the delay was possibly as long as 10 days?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, I have no knowledge with regard to the assumption made by the hon. member. I will look into it. I thought the figures came through at the regular time.

PUBLIC SERVICE

USE IN MAGAZINE ADVERTISING OF PHOTOGRAPHS AND MESSAGES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs based on the growing irritation of a number of prominent and well known Canadians at the intrusion of a form of American commercialism into the public life of this country.

Is it the policy of the government to permit United States controlled magazines published in Canada to exploit the good looks of members of the cabinet and the intelligence and knowledge of senior civil servants by the publication of photographs of and messages from any of these persons, in what is obviously a form of overt advertising on the part of the magazines concerned?

Hon. Sidney E. Smith (Secretary of State for External Affairs): In so far as this question relates to the Department of External Affairs, I would make the observation that pulchritude is very frequently an effective medium in international affairs. I am wondering whether the hon. member is suggesting that less attractive pictures of the class to which he refers should be published.

INQUIRY AS TO PROCLAMATION OF ANNUAL VACATIONS ACT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I have a question for the Acting Minister of Labour. In view of the desirability of having guaranteed holidays as provided by the Annual Vacations Act available to employees during the present holiday season, can the Acting Minister of Labour say when the government will proclaim the Annual Vacations Act which was passed by parliament during the last session and given royal assent on January 31?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, the actual date has not been set yet for the proclamation. My hon. friend will realize that this is a rather complicated act. The regulations are still being reviewed, but I can assure him that an announcement will be made within a relatively short space of time, a week or 10 days.

TRADE

URANIUM—REPORTED SALE BY UNITED STATES TO JAPAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce arising out of the signing on June 6 of an agreement between the United States and Japan for the supply of 2,700 kilograms of uranium by the United States to Japan over a period of 10 years. My question is, does this agreement mean that Canada will not be called upon to supply uranium in commercial quantities to Japan during that period?

Hon. Gordon Churchill (Minister of Trade and Commerce): I would have to look into this and see what quantities of uranium Japan is likely to require over that period—what their program is with regard to the development of power plants. I have not that information with me at the moment.

AUTOMOBILES—ALLEGED INTERFERENCE BY U.S. IN CANADIAN EXPORTS TO CHINA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder whether the Minister of Trade and Commerce is in a position now to give the results of an investigation which was to be

made into the sale of Canadian-manufactured automobiles which were destined for export to China, and were precluded because of action taken by another friendly country.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this problem has exercised my hon. friend for some considerable time—

Mr. Martin (Essex East): It has exercised my community.

Mr. Churchill: —and I hope I can give him a satisfactory answer. I cannot say that there is any direct proof that the order was placed or that it was cancelled by action of another government. There is a law in the United States supported by regulations which prohibit subsidiary companies trading with communist China, and that law and the regulations have apparently acted as a restraint to trade on the part of Canadian subsidiaries.

With regard to what can be done about it, we are looking into the matter very carefully and we hope by negotiation to have some relaxation of this restraint in so far as Canadian companies are concerned.

Mr. Martin (Essex East): May I ask a supplementary question. Can my hon. friend say whether or not representations were made by this government to the government of the United States?

Mr. Churchill: Some preliminary conversations have been held. The question of official representations from government to government is a matter to be considered.

PIPE LINES

TRANS-CANADA PIPE LINES—PUBLIC OWNERSHIP POLICY

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of a news report in this morning's *Globe and Mail.*

In view of the support of the principle of public ownership of the trans-Canada pipe line expressed both by the present members of the cabinet while in opposition and by Premier Frost of Ontario, and in view of the resolution of the association of Ontario mayors and reeves convention opening in Stratford tomorrow, backed by the municipalities of St. Thomas, Owen Sound, Stratford, Welland—

Some hon. Members: Order.

Mr. Martin (Timmins): —Woodstock, Peterborough, Simcoe, Paris, Ingersoll, Barton and Waterford, could the Prime Minister now assure the house and the Canadian people that the government still supports the principle of public ownership for the trans-Canada pipe line and so encourage these Ontario municipalities in their efforts?

Mr. Speaker: That question poses a number of problems, including a problem for the Speaker. In so far as it deals with municipalities and their mayors and reeves it is obviously a matter of provincial jurisdiction. In so far as it asks whether the government supports legislation which is on the statute books, it seems to me an unnecessary question to ask.

TRANSPORT

STATEMENT ON REPORTED CANADIAN OPPOSITION TO U.S. PROPOSAL RESPECTING GREAT LAKES PILOTS

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Yesterday, Mr. Speaker, the hon. member for Port Arthur addressed a question to me which I took as notice. This question concerned representations that had been made by the Canadian government to the United States state department in connection with certain pilotage legislation now being considered by a congressional committee. I would interpolate here, Mr. Speaker, that there was no opposition to the principle of the bill expressed by the Canadian government. With the permission of the house I desire to table the text of the aide-memoire on this matter that was delivered to the state department by the Canadian ambassador in Washington on March 20, 1958.

I should like for a moment to comment on the nature of this representation. The aim of the legislation now before congress is to provide a means of ensuring the safety of navigation on the great lakes. The Canadian government strongly supports this objective. It is the view of the Canadian government, however, that for the attainment of that objective it is not essential for vessels to carry an accredited pilot or qualified officers during the passage through of the open waters of the great lakes, but that the interests of safety would be served by requiring vessels to carry pilots in certain designated areas.

May I have permission to table this aide-memoire?

Mr. D. M. Fisher (Port Arthur): I gather from reading the transcript of the proceedings at the recent committee hearings that Senators Bricker and Lausche expressed the view that they were agreeable to a joint commission to

study this problem. Has the Canadian government at any time suggested that there should be a joint commission to study this particular problem?

Mr. Smith (Hastings-Frontenac): Not to my knowledge, and the Minister of Transport concurs in that answer.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. Is it not a fact that in order to put this legislation into effect on the portion of the St. Lawrence which is international, similar legislation will be required in Canada? Does the minister know whether or not such legislation will be forthcoming?

Hon. George H. Hees (Minister of Transport): Yes, I would think it probably would be necessary, Mr. Speaker; and when we find out what the United States government does intend to do in this regard, then we will give this matter very serious study.

Hon. L. B. Pearson (Leader of the Opposition): May I ask a supplementary question. Is this not a matter about which there should be agreement between the two countries before legislation is passed in either country?

Mr. Hees: We are not aware as yet exactly what the United States government does propose.

Yesterday, Mr. Speaker, the hon. member for Port Arthur inquired if my department had received any proposals from the shipping federation of Canada asking us to intervene to delay legislation proposed by the United States coastguard and now before the United States congress. Assuming that this question had reference to the matter of pilotage on the great lakes, I answered it in the negative.

I realized later, however, that while this answer was literally true it may have been misleading to the hon. member. In fact, while no recent representations have been received from the shipping federation we did receive representations from them several months ago. Those representations were not so much a request for us to seek to delay the United States legislation as an expression of opinion with regard to great lakes pilotage to the effect that pilotage, while necessary in restricted waters, was not essential on all the open waters of the great lakes. These representations coincided with our own views, and accordingly they have been brought to the attention of the appropriate United States authorities.

Mr. Fisher: As a supplementary question to the Minister of Transport on the information he gave, I understood him to say that when the Americans complete their plans or their ideas in this regard the Canadian government will consider them. At the present time a bill has passed through the House of Representatives and is due to be reported out of the Senate today. Since this legislation does provide for pilotage in areas that the Canadian government would consider unrestricted, what protests are planned to be sent?

Mr. Hees: I am not clear on the last part of the hon. member's question.

Mr. Fisher: What protest is Canada planning to make to follow up the aide-memoire mentioned by the Secretary of State for External Affairs, since the effect of the bill that is about to be reported out of the Senate is to have unrestricted pilotage?

Mr. Hees: Mr. Speaker, after we have examined the American position I will be in a better position to advise the house of what our action will be.

WATER POLLUTION

MONTREAL—STATEMENT ON REPORTED DUMPING OF OIL IN ST. LAWRENCE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the hon. member for Richelieu-Vercheres referred yesterday to the reported dumping of oil by ships sailing below Montreal, and asked if any action has been taken by the department.

The Canada Shipping Act was amended in 1956 to deal with the oil pollution problem, and the oil pollution prevention regulations were made pursuant to the new provisions of the act. These regulations forbid the dumping of fuel oil from ships' tanks into the domestic waters of Canada. Notices bringing the requirements of these regulations to the attention of ships' masters are distributed on board ship by our pilots during the course of their duties.

The department is presently arranging for a boat to carry out patrols on the St. Lawrence river in the Sorel area. This boat should be in operation July 1, and it is the intention to institute proceedings against the owners of any ship involved in contravention of these regulations.

BROADCASTING

KITIMAT, B.C.—STATEMENT ON GRANTING OF LICENCE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena inquired regarding the

recommendation of the C.B.C. board of governors made at its December meeting for the granting of a private radio station at Kitimat. Final action on this application has been delayed pending a clarification of matters which one of the owners concerned has before the department and the C.B.C. board of governors relating to another radio station.

NORTHERN AFFAIRS

YUKON—REPORTED THREAT OF DAMAGE FROM FOREST FIRES

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. I am sorry I have not had the opportunity to give him notice of this question; he may wish to take this as notice. Can the minister inform the house of the action, if any, being or to be taken by his department to alleviate the very serious threat of extensive damage to private and public property and natural resources arising from four serious forest fires burning in the areas of Whitehorse, Liard, North Stewart and Takhini hot springs in the Yukon?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, all I can do is inform the house that we have been in conversation with the commissioner of the Yukon, who has informed us that the firefighting crews in these four areas are doing a fairly good job. He has also asked for extra assistance, which we are attempting to provide him by flying in four people from the parks department who have experience in fighting fires in mountainous areas, particularly where coniferous forests are involved. They will be leaving Edmonton this afternoon at 4.45 p.m. I have not had time nor has the department, I believe, to consider the question of damage to the sawmill on the Stewart, I think it is, or any damage that may have occurred in the neighbourhood of Whitehorse itself. I think the house will be relieved to know that the fire is checked within two and a half miles of Whitehorse. I have no information on the others beyond what I have just told the house.

Mr. Nielsen: Where are these engineers or forestry people coming from who are being dispatched to the Yukon?

Mr. Hamilton (Qu'Appelle): I think we are taking two from the park at Banff, one from Yoho and one from Jasper. They are being brought together today in Edmonton and will be flown to Whitehorse this afternoon.

(Translation):

PRIVILEGE

MR. CHEVRIER—REFERENCE TO ST. JEAN BAPTISTE DAY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, on a question of privilege, I want to draw your attention and that of hon. members to the fact that today is the feast of the patron saint of French Canadians and that, in various centres of this country, celebrations are taking place to commemorate the anniversary of our national patron saint.

(Text):

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I followed what my hon. friend had to say, and while I cannot express myself in the French language I do want to associate myself with his remarks and to say on behalf of the government and the people of Canada that this is indeed a great day in Canada's history.

FINANCE

CUT FLOWERS—REPORTED PRICE INCREASE EQUALLING TAX REDUCTION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of Finance. In view of the statement made by the Minister of Finance on the reduction or removal of taxation on certain goods, can the Minister of Finance explain the situation in his department if, when he announces in the budget speech the removal of a tax, we find the next day that suppliers of goods increase their prices to the same extent as the reduction of tax? Will he explain any action to be taken by his department?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the effective date of any changes in commodity taxes is normally midnight following the introduction of the budget. That is standard practice. The bills to follow have the effect, and this year will have the effect, of making the changes effective from midnight following the introduction of the budget proposals. If my hon. friend has any knowledge or any information concerning any particular changes that have been made in prices I should be glad if he would communicate that information, because he is aware that no increases were made in these commodity taxes. Decreases were made.

Mr. Winch: I have a supplementary question. When the Minister of Finance spoke on Tuesday he announced a reduction or removal of the tax on cut flowers. On the next day—

Inquiries of the Ministry

Some hon. Members: Question.

Mr. Winch: I am asking a question. As I say, on the next day in British Columbia cut flowers supplied by retailers did not have the tax, but the price of cut flowers was increased by the amount of the reduction in tax. Can the minister take any action in that regard?

Mr. Fleming (Eglinton): Obviously that increase had nothing to do with the budget. I can assure my hon. friend that in many other places one can point to evidence where the price of cut flowers was reduced on the morning following the introduction of the budget.

Mr. Winch: I am asking the minister this question. If in the morning the price of cut flowers was increased by the amount of the reduction in tax, can he not take action in the matter?

Mr. Fleming (Eglinton): I am not aware at the moment of any action to be taken. I would have to know a great deal more about the circumstances surrounding the alleged increase. But certainly the alleged increase has nothing whatever to do with the budget, because the effect of the budget was contrary to the action which the hon. member says was taken by the florists to whom he referred.

INCOME TAX

REQUEST FOR DEDUCTION OF CONTRIBUTIONS TO BENEFIT FUND

On the orders of the day:

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I should like to direct a question to the Minister of National Revenue with reference to the death of 18 men, 16 of whom I understand were married, in the recent bridge collapse at Vancouver. Considering that workmen's compensation pensions will, I understand, allow only $75 a month pension for the widow, plus $25 for each child under 16, and in view of the fact that a Vancouver newspaper has started a fund for the benefit of these families, will the minister give consideration to all contributions to this fund being allowed as charitable contributions deductible for income tax purposes?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member spoke to me about this matter earlier in the day. I have not had an opportunity to review the situation. As the house well knows, donations to charity which are deductible for income tax purposes—and there seems to be a host of them these days for which such deductions are sought—must first comply with the law with respect to charities as defined by the English common law and our law, and also must meet the requirements of the regulations of the Department of National Revenue. I certainly will take this matter under consideration, I hope later today or at the latest by tomorrow, and be able to give a definite answer to the hon. member with respect to this matter.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, June 23, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, yesterday the hon. member for Burnaby-Coquitlam took exception to the stand taken by the Minister of Finance with regard to his request that all sections of the Canadian economy try to hold the price and wage line, and that increases should be based upon increased productivity. As the hon. member must have known, because it is detailed in the budget speech, the minister expects a drop in revenue of $387 million, of which more than half or some $200 million is due to tax reductions made by this government, but almost all the remainder is due to a falling off in corporation profits.

Today I received a bulletin which gave the results of a survey of 1,069 manufacturing companies employing more than 441,000 people in 1957. It shows that profits dropped from 5.8 cents on each dollar of sales in 1956 to 5.2 cents last year, that is 1957. Of this 1957 profit, 2.3 cents went to shareholders and 2.9 cents were plowed back into the business with, of course, a resulting increase in employment opportunities. Over the last ten years, according to this survey which has been made, the average profits have been 5.72 cents on each dollar of sales, so the profits in 1957 were 10 per cent below the ten-year average.

Mr. Speaker, this government has turned this nation into a world trading nation, as compared with the inclinations of the previous government to limit us to a hemispheric trading nation. For instance, in 1957 we had the highest exports on record in Canadian history, and these include the highest exports ever known to the United States. This year, in the first five months the total exports achieved an even greater height than in 1957. In fact this year our total exports for the

first five months are $1,952.9 million as compared with $1,936.4 million in the first five months last year. This year United Kingdom and commonwealth figures are up from $378 million to $420 million and the United States figure is slightly down, by 1.8 per cent. But imports from the United States are down by $300 million and imports from the United Kingdom are up by $5 million. The effect of this will be corrective to a limited degree on our balance of payments deficit, which amounted to $1.4 billion last year.

The minister has pointed out that the chronic nature of our massive trade imbalance with the United States requires energetic corrective measures. These huge trade deficits, accompanied as they are by heavy increases in our long-term indebtedness to the United States, carry serious implications for the future health and economic independence of our country. The heavy concentration of our foreign trade on the United States means that the Canadian economy is extremely vulnerable to the United States economic and political climate, and to shifts in its trading policy.

I believe the minister pointed out that the proposed European free trade area represents a market which is equivalent in population to the United States. In that regard we must do our best to maintain our trade position with that area as it comes into being. I believe the government is doing a job which will have lasting and beneficial effects on our Canadian economy, as we will be less subject to the sudden fluctuations in the United States, although they will always remain our best customer, the customer who buys most of our goods and from whom we buy most of our goods.

We will, however, develop a very large trade with the rest of the world which will act as a balance wheel for this rather overwhelming north-south trade pattern as it exists today.

I would like to say a few words with respect to the increases in pensions brought forward by the government, and also with respect to the indication that the civil service pensions are to be reviewed. It has been mentioned that some time during this parliamentary session some such measures will be introduced to this house. The condition of the superannuated civil servant who retired in 1948, or any time prior to that year, is rather unenviable, because the previous government did not keep the wage scale of the civil servants anywhere in line with that of industry. For instance, in 1946 a letter carrier received a salary of $150 a month whereas in 1957, ten years later, he received $300 a month. In 1948 a clerk grade 2 in the customs department received $1,860 a year, whereas in 1958 he will receive $3,150 a year. Because pensions are tied to earnings, the resulting pensions are proportionately low for those earlier years. With the consent of the house I would now like to place on record a table which I have prepared indicating the differences between 1946 and 1958.

Mr. Benidickson: What is the source of this material?

Mr. Broome: The official record.

Mr. Benidickson: From whom?

Mr. Speaker: If the hon. member submits a table which he has personally prepared from official records, would he please indicate the extent of the table?

Mr. Broome: About 15 lines, Mr. Speaker.

Mr. Speaker: Is it agreed that this be inserted at this point in *Hansard*?

Some hon. Members: Agreed.

Mr. Broome: The table is as follows:

FIGURES COMPILED FROM OFFICIAL RECORDS

CUSTOMS DEPARTMENT

The amount of pension shown is based on the employee having been at his maximum salary for the last ten years of his contributory service and on the maximum 35 years of contributory service.

Classification	Salary 1948	Pension	Salary 1958	Pension	% Increase
	$	$	$	$	
Clerk	1380.00	960.00	2400.00	1680.00	73.9
Clerk, grade 2	1860.00	1302.00	3150.00	2205.00	69.4
Clerk, grade 3	2100.00	1470.00	3600.00	2520.00	71.4
Customs, excise supervisor, grade 1	2880.00	2016.00	4350.00	3045.00	51.0
Customs guard	2220.00	1554.00	3360.00	2352.00	51.4
Customs truckman	2220.00	1554.00	3360.00	2352.00	51.4
Customs warehouse foreman	2580.00	1806.00	3900.00	2730.00	51.2
Messenger	1620.00	1134.00	2310.00	1617.00	42.6
Packer and helper	1740.00	1218.00	2910.00	2037.00	67.2
Customs watchman	1740.00	1218.00	2910.00	2037.00	67.2
Customs excise officer, grade 2	2880.00	2016.00	3900.00	2730.00	35.4

POST OFFICE DEPARTMENT

Monthly salaries and pensions, based on the same conditions as above.

Classification	1946		1957	
	Salary	Pension	Salary	Pension
	$	$	$	$
Letter carrier	150.00	105.00	300.00	210.00
Postal clerk	150.00	105.09	325.00	227.50
Clerk in charge postal station	grade 3 180.00	126.00	now grade 4 397.50	278.25

In regard to our trade pattern, the fact that our population increase was the highest on record, partly as a result of natural increase and partly as a result of the heavy immigration program, has tended to make our unemployment problems more acute, but at the same time is building up the domestic market which will in turn have a levelling and balancing effect on our internal economy. Because of our rapidly increasing population we should endeavour to have more manufacturing done in Canada. In 1957 the total production of passenger cars in this country was 340,016, while in 1937 the figure was 153,046.

In the 1930's the tariff schedule allowed the importation of parts from the United States on the basis that if total car production was 10,000 units or less and had a commonwealth content of 40 per cent, then the imported parts would be duty free. If it was 20,000 units or less the commonwealth content would have to be 50 per cent, and if it was over 20,000 units then the commonwealth content would have to be 60 per cent.

I would suggest that a review of the importation of parts used in automobile manufacture might very well show that there is room for a greatly expanded operation by the automobile companies on this side of the border, if they so desire, with a consequent increase in employment opportunities in this country. It may be that the content requirement might be increased, at least by some percentage; but in any event I feel some study of this question should be undertaken to see just what is involved and what can be done to increase manufacturing in Canada.

The hon. member for Essex East has bitterly complained time after time about the importation of United Kingdom cars and the fact that opportunities for employment in this country have been thereby decreased. I have checked into this matter, and I find that the importation of complete passenger and truck units during last year from the United States totalled about $75 million and the importation of European cars totalled around $54 million. There was a total of 15,298 passenger car units worth $46 million imported from the United States.

The sum and substance of this is that as we increase manufacturing in Canada we promote jobs; and because of the control of our manufacturing set-up—54 per cent of control being outside of Canada, mainly within the United States—there is a tendency on the part of the companies to concentrate their manufacturing operations in their parent plants, leaving the Canadian companies as assembly operations and distribution and sales organizations. This tendency to treat the Canadian company as a branch plant takes away from it the opportunity to develop foreign trade. It also minimizes the possibilities of expansion within this country. In other words, it is being operated in many cases for the benefit of the parent company, not only with respect to sales and how they should be carried on but also with respect to employment opportunities.

I am rather familiar with the field of engineering, and have been most distressed to find that wherever one goes one finds that many Canadian companies, besides a great number of the foreign-owned subsidiary companies and also some municipalities, seem to feel that Canadian engineers and architects do not have what they require and that they must go to the United States to secure these services. I believe that in all government contracts a clause should be inserted to the effect that such services shall be supplied from within Canada. We should take the lead, thereby influencing our junior levels of government to follow along the same lines.

I have in my hand a clipping from the Toronto *Telegram* of April 15, 1958, in which it is stated that individual engineers, who insist on remaining unnamed, are being replaced by United States engineers. It also mentions that the contract for the improvement of the city approaches to the skyway just outside Hamilton was let to engineers from outside the country. There are undoubtedly many engineering problems which require specialized skills not available in Canada, but in general the Canadian engineering and architectural professions can take care of the great bulk of our requirements.

I could not close without making at least one or two references to the benefits which I believe will ensue from the appointment of the Borden commission on energy. I attended several of the hearings in western Canada, and I can assure the house that the commission is doing a tremendous job. This is a job which needed to be done and will, I am sure, result in a much healthier atmosphere in the oil and gas industries. The problems of commercial preference, of markets in the northwest, of the Montreal market, are all being investigated to the end that there should be greater markets for Canadian oil and a greater utilization of petroleum resources through manufacturing carried on in our country.

Mr. Speaker, I believe the Minister of Finance has done a job which was incomparably more difficult than that which faced any of his predecessors, and that he deserves the thanks of this nation for having brought forth a budget which I feel is so clearly tailored to meet the needs of this country.

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, the budget is the instrument by which the commitments made by the party forming the government are translated into concrete form. Envisaged in this aspect, never has a budget sounded more paradoxical than that presented by the Minister of Finance on June 17. Indeed, we all have vividly in our minds those broad and glowing commitments which were made by the present government during the recent political campaign.

Here are a few of those commitments: the lowering of the general level of taxation; a special public works program; increased assistance to municipalities; guaranteed prices to fishermen for their fish; full employment to all; reduction of the gross national debt; a balanced budget and the stimulating of trade.

Just how many of these commitments are to be implemented following the forecast made in the context of the budget now before this house? Very few and scanty budgetary items are there toward the fulfilment of those countless promises. To the average wage earner of the country, to the Canadian taxpayer, to the industrialist and the businessman, to the farmer, the fisherman, the miner, to the hundreds of thousands of unemployed, visions of yesterday have become the delusions of today; dreams of the past have dissipated, to make room for anxiety and concern in the future.

Mr. Speaker, it has been said that too much time has been taken by the individual members of this house to speak of the needs of their respective constituencies. Little wonder, in the light of the economic conditions prevailing in every section of the country, that individual members feel it their duty to voice to the responsible legislative body of the country, that is the government, the wants of their constituents. As the representative in this house of the people of Kent county, I feel I would be remiss in my duty if I failed to tell this government of the uncertainty, in some cases of the distress, of my constituents at the present time.

While the government lays great claim to its so-called huge public works program to create employment, I respectfully submit that the sources of employment in my own province of New Brunswick have drastically declined as compared with immediate past years. Hundreds of workers who secured employment at Camp Gagetown during the last four or five years are idle, unable to secure further work on that project. Hundreds of workers who in the past were employed on government projects at Labrador are tediously waiting for recalls which are not forthcoming. Hundreds of woodsmen who found gainful employment in the flourishing pulp and lumber industry in the immediate past stand idle in the face of this sudden stagnation in that industry.

While the Minister of Public Works loudly proclaims that thousands and thousands of people have been put to work under a special works program, the number of unemployed workers in our province remains at unusual heights. I ask the government to give immediate attention to this crucial situation before a full-scale depression such as we have already had in this country again fully develops.

I do not hesitate to state what has already been stated often in this house; that if it were not for the various social measures brought in by the preceding Liberal administration, such as old age pensions, family allowances, unemployment insurance and so on, we would now be living in economic conditions as depressed as those of the early thirties. It is all very well for the government to maintain its attitude of self-contentment when these critical situations are called to its attention. The people are no longer content with this display of inertia and indifference on the part of the government, and with its failure to act as promised to remedy this depressed state of affairs.

Surely there are projects to be initiated in the maritime provinces which could provide employment at the present time. I indicated one which, I submit, is of major importance, in the course of my speech during the debate on the address in reply to the speech from the throne, namely the

Chignecto canal. If this project was important enough to warrant the Prime Minister's attention during election time, surely it should warrant that same attention as a means of relieving unemployment. There are many other useful projects of a similar nature, and with the same usefulness of purpose, that should command the attention of this government in the present circumstances. What our working class expects is nothing less than what it has a right to expect and what was solemnly promised to it by this government—work which will permit them to sustain themselves and their families. I urge the government to act now.

I should like to take advantage of this budget debate to deal specifically with one of the most important sectors of our economy, agriculture. During the last two election campaigns our farmers have been led to believe by the Conservative spokesmen, and particularly by the Prime Minister, that they can expect a completely new deal from the present government and a solution to all their many problems. It is still too early to judge the record of the present government in this regard, but I want to say to the hon. ministers opposite that we will be watching their activities very closely and will do our utmost to see that they live up to their election promises. In addition, anything we can do to force the hand of the government in this matter we shall certainly do.

Representatives of all parties agree that the situation in which the Canadian farmer finds himself today is not satisfactory. In many parts of the country our farm economy has not kept pace with the progress and development of some other aspects of our economy. Many of the problems with which farmers are faced today are extremely complicated; and some of them, such as the marketing of surplus products, have international complications.

In the area which I represent, the problem which concerns us most is the preservation of the family farm. The family farm is the very basis of our society in New Brunswick, and indeed in most parts of Canada. But today the family farm is in danger of being wiped out in the face of competition from large scale industrial methods applied to agriculture. Let me give you but one example. In many parts of Canada today, broiler chickens are being produced in vast numbers by commercial organizations under conditions and in quantities with which our farmers cannot compete. There is a tendency on behalf of these large commercial companies to get control of all phases of agricultural production and marketing. This is a real danger for our farmers, and that is why I feel everything possible must be done to assist the family farm to survive.

All those who are sincerely interested in the welfare of the Canadian farmer are aware of the many steps taken by the Liberal government in recent years to assist the farmer. I think we have reason to be proud of the system of price supports, credit facilities through the Canadian farm loan board, the freight rate assistance on feed grain and the assistance through the maritime marshland rehabilitation administration, and so on. These measures, and the efficient administration of our economy which brought it to such a level of prosperity, are amongst the main reasons why Canadian farmers, helped by the Liberal government, were able to pull themselves out of the depressed conditions which existed under the last Conservative government from 1930 to 1935.

During the last campaign our Liberal leader, the hon. member for Algoma East, outlined further steps which the Liberal party would strive to take on behalf of the Canadian farmer. This program included a system of deficiency payments to supplement our price support system under wheat, oats, barley, flax and rye. The hon. member for Algoma East also outlined his plan to create a farm loan bank which would take over the whole matter of farm credit financing on the federal level. This farm loan bank would make available at reasonable rates long-term, medium-term and short-term credit to assist the farmers in purchasing the necessary equipment or land to establish healthy economic units. It would have as one of its principal functions the assistance of young farmers in getting established on their own, just as the Veterans' Land Act did, which was established by the Liberal administration in 1945 and which made credit available to ex-servicemen returning to the land.

I think most hon. members with any knowledge of farming will realize that this is one of the most important steps that could be taken to keep our family farms intact, and to assist young Canadians who want to remain on the land. It is also one of the most efficient ways of enabling the farmer to produce at prices which will enable him to compete both on the home market and abroad.

Another item in the Liberal program toward which we are working is legislation to make it easier to improve farm homes. Under the National Housing Act much has been done to assist Canadians to build or purchase adequate housing, but unfortunately

for the farmers most of this housing has been constructed in our towns and cities. It is for this reason we feel it is very important now to take specific steps for the purpose of assisting our farmers to improve their homes or to build new ones if they desire. I am not suggesting specifically how it could be done, but I think either the National Housing Act or a farm loan bank, such as I have outlined, could undertake this task.

Of course one of the most important things a government can do for the farmer is to maintain and expand our markets abroad. I am convinced that the free trade policies outlined by my leader are more likely to assist the farmer in this regard than the return to high tariffs and protection, which is obviously the policy of the Conservative government. We all know that our Canadian farmers—

Mr. McGee: Would the hon. member permit a question?

Mr. Michaud: After I am through, if you do not mind. We all know that our Canadian farmers can only survive and prosper under conditions of the freest possible international trade. If the present government is going to lead us into a war of restrictions and counter-restrictions with our United States neighbours and other good customers, then it will be our farmers who will suffer. In the maritime provinces assistance should be provided to promote and facilitate the establishment of vegetable canning factories to meet our maritime needs, thus helping to keep for our local farmers an industry which properly belongs to them.

During the 1957 campaign the present Prime Minister proclaimed from one end of the country to the other that he was going to introduce a bill of rights for the Canadian farmer, and that he was going to assure to Canadian farmers a level of income comparable to that of other Canadians. Of course this is an ideal we all want to realize, but I suspect that the Prime Minister is already finding it is easier to make a statement like that on the election platform than to back it up by action. While the Agricultural Stabilization Act introduced at the last session of parliament has not been in force long enough to assess its true value, we do know that it is not meeting the needs of the Minister of Agriculture or doing what the Prime Minister said it would. There have been many complaints from both farm organization and farmers about it. The recent announcements of support prices under certain agricultural products indicate that the government intends to do nothing more than put a distress price under a few agricultural products, and that these distress-price supports are likely to be of little value in the face of rising costs.

I was rather surprised when I read that the Prime Minister, speaking in Summerside on February 27, during the last election campaign, said according to a report in the Toronto *Daily Star* of February 28, 1958, that there is a distress price in Canada below which all agricultural prices cannot fall. Of course all hon. members who have read the Agricultural Stabilization Act will realize that only nine agricultural products receive this support. Producers who want other products protected must convince the government of the need to do so. One such product which is not adequately protected is potatoes. If the Prime Minister believes that this act covers all agricultural products I invite him to announce a price for this year's potato crop which will assure the farmers of New Brunswick a fair price in relation to other products. I would apply these remarks to the potato growers of other provinces, such as Prince Edward Island.

As was said in an editorial in the Charlottetown *Guardian* on June 7, when the price supports on soya beans were announced:

> Surely, no one would claim that soya beans, which have been given protection, mean more to the Canadian economy than potatoes.

In view of the constant fluctuations in the market price of potatoes it is particularly important for producers of this important crop to have some assurance that they will receive a fair price for their crop each year. The Minister of Agriculture is quoted as saying he wanted to be sure that a potato surplus did in fact exist before giving his approval to a floor price. The editorial in the Charlottetown *Guardian,* to which I referred, concludes:

> That ought not to be a difficult thing to ascertain. Our understanding is that the officials who went from here to Ottawa to discuss the problem, told officials that there is a surplus. What need is there for further inquiry?

Earlier this month a delegation from Prince Edward Island, headed by agriculture minister Eugene Cullen, came to Ottawa to urge the government to have potatoes placed under this act. I hope the Minister of Agriculture and his colleagues will soon meet this request. While I am on the subject of price supports I should like to draw the attention of the house to a quotation from the Prime Minister's speech of February 26 last in Rimouski concerning price support for pulpwood. I quote from the Toronto *Daily Star* of February 27, 1958:

"I hope (Mr. Diefenbaker said) that the advisory committee and the stabilization board (which administer the price support act) will give consideration to including farm produced woods, so that they will know the lowest price they will receive in a year, in advance."

I am sure all farmers who cut pulpwood on their farms during the winter months will look forward to an early announcement by the government on this subject, especially since the Prime Minister stated in his speech at Rimouski that representations had already been made by the producers to have such price support established.

It is because of the professed interest of the Conservative spokesmen during the election campaign in the welfare of our farmers that we have awaited with interest the government's pronouncements on policy. We were surprised and disappointed to find a contrast between the great promises made on the election platform and the very brief references to the farm economy in the speech from the throne and in the budget address last week. As a matter of fact, the Canadian farmer is certainly the forgotten man as far as this budget is concerned. All this budget means to him is higher prices through protectionist policies, and because the government is doing nothing to fight rising costs.

We had hoped that the government would announce a plan to put into effect its promises concerning the extension of credit to farmers. It is true that there is a bill before the house for the purpose of increasing the resources of the Canadian farm loan board by some $2 million. Is this the completely new deal Canadian farmers have been promised to assist them in obtaining long-term, medium-term and short-term credit? This step is all the more surprising in view of the fact that Conservative candidates throughout the country stated during the campaign that the farm loan board was not the answer to the farm credit problem, and that new steps would be taken.

The Canadian Federation of Agriculture must be very disappointed as well. In their brief of June 2 to the government they urged that loans under the farm loan board should be increased to $20,000, and the loan period increased to 40 years. They also urged that the percentage of appraised value of real estate available as a loan be increased, and they urged a reduction in the rate of interest charged. Another recommendation was on a specific system of supervised loans for young farmers and marginal farmers. They also urged that farm improvement loans be made available at a lower interest rate, namely 4½ per cent, and that longer periods for repayment of loans on farm machinery should be provided.

[Mr. Michaud.]

Furthermore, the Canadian Federation of Agriculture urges a specific program of emergency loans to help farmers stricken by natural disasters. Such loans should carry no interest unless unnecessary default in payment is shown. Surely this step will recommend itself to the government, because they are on record during the campaign as favouring immediate adoption of a nation-wide system of crop insurance, a policy incidentally, which has also been advocated by the Liberal party.

In the same brief to which I have referred the Canadian Federation of Agriculture expresses the hope that something will soon be done to set up such a system of crop insurance. I have stated that the problems facing our farmers are complicated. It was because the former prime minister, Right Hon. Louis St. Laurent, realized this that he took the important step of having set up the Senate committee on land use. Mr. St. Laurent hoped that the recommendations of this committee would serve as the basis of a new national policy to assist in the preservation of the family farm and to assure the best possible use of our land resources. Unfortunately the Conservative government has shown little enthusiasm for this committee, which has so much to offer to the Canadian farmer. At the last session of parliament I believe it was set up very late in the session and met only a few times. I urge the government to do everything in its power to assist this committee to arrive at its conclusions as early as possible.

In conclusion, I remind the government that it has a solemn commitment to the Canadian farmers, and it is our intention to see that they live up to that commitment.

Mr. McGee: Will the hon. member permit a question now? When he was reading his speech—I think he will find it about at page 8—he mentioned Liberal free trade policies of his party. I was wondering whether he would like to elaborate on this and tell us what they were?

Mr. Habel: It is no use; the hon. member would not understand it.

Mr. Fleming (Eglinton): Where were they expounded? Is there no answer?

Mr. Harris Rogers (Red Deer): Mr. Speaker, as I rise today to make my first contribution in this House of Commons I do so with a deep sense of humility, pride and responsiblity. Responsibility goes with the appointment. That is what I like to call legal authority, without which one's representation would be passive rather than active.

Today as I stand here, Mr. Speaker, I am thinking of a different type of authority, something that is achieved by hard work, built up brick by brick, day by day, the mutual confidence between my constituents, this assembly and myself. This is what I like to call earned authority. It is something we have earned; it cannot be taken away from us. By the same token, you can take it with you as recompense for service performed.

Now, inasmuch as this is my first effort, I would like to take this opportunity to add my warm congratulations to Mr. Speaker on his appointment. I would also like to add my congratulations to the Deputy Speaker and, moreover, to the two gentlemen who moved and seconded the address in reply to the speech from the throne. They did so with dignity and substance, and I think set a standard which has been somewhat difficult to follow.

Now, Mr. Speaker, I look upon this effort of mine today as a sort of prelude to something more at a later date. Since I have been in the House of Commons I have got the impression that a member of parliament coming from a constituency must adopt a different outlook, a national outlook, a broader outlook. I agree, sir, in principle because the heart of parliament is right here in Ottawa. However, we cannot forget the fact that a heart must have arteries, and those arteries must be kept open. If people are to have a say in the government of the day they certainly must be kept in contact.

As a little background, I come from a province which made a clean sweep in the last election. I think it might be of interest to make some deductions on just how the people were thinking and how that achievement came about. Primarily I think we westerners decided that the time had arrived when we must try to keep in tune with the rest of Canada. I think, too, that the Prime Minister had a lot to do with it. His sincerity and ability certainly made the election easier. On top of that, I think the people decided that we must have a strong government nationally and internationally.

To add a little more to the background, I should like to say a few words about my constituency. Red Deer is a city whose growth has been accelerating and continues to do so. It is the centre of one of the most progressive and productive mixed farming districts in Alberta. The constituency encompasses such towns as Innisfail which, incidentally, got a post office last year; Olds, where the school of agriculture is located; Didsbury, which needs a post office; Three Hills, which also got a post office last year; Sundre, the gateway to the west where there are fishing, lumbering and oil interests; Rocky Mountain House, farther west again, the gateway to a lumbering region; and Sylvan Lake, a well known summer resort. In passing may I say that I am very happy that the Department of Public Works is spending $40,000 on the pier at Sylvan Lake.

I said that the constituency of Red Deer is a productive and progressive mixed farming district. We are quite proud of some of our breeders who are well known right across the dominion and certainly take their share of honours at the Royal every year. The economy of the constituency is definitely dependent upon agriculture. It is supplemented, it is true, by some oil, lumbering and tourist activities, but basically we are only as prosperous as is agriculture.

Agriculture is the foundation of our country. Western Canada has the distinction of not only growing the highest quality wheat in the world but of being able to produce it at the lowest cost. On the other hand, the wheat growers find that they are dependent on the export market, and in that market they have to compete with countries where the growing of wheat is subsidized. Unfortunately the export market sets the domestic price as well. Today the wheat growers are selling wheat at away below the cost of production, and something certainly has to be done by way of deficiency payments.

The agricultural game is so mixed up that it is very difficult to explain. Our farmers are versatile, and when they cannot get a fair price for wheat they go into the raising of stock. But the situation boils down to this fact, that if we do not do something for the wheat grower we will have to do something for the beef producer, and certainly we will have to do something for the dairy producer immediately.

The government has moved rapidly to meet the problems of agriculture by providing advances on farm-stored grain and setting up the price stabilization board. These are steps in the right direction but, as I said before, they are not enough and some consideration must be given to the wheat grower. I submit, Mr. Speaker, that the western wheat growers are the only group who have made any contribution toward meeting inflation. It has been forced, it is true; nevertheless that is a fact.

Apart from the wheat problem, dairying, which plays a very important part in our constituency, would appear to be in for some trouble. Unless additional markets are developed or subsidization is provided, the industry is going to be in serious trouble. There are

some bright spots such as the beef and swine situations. This is due mainly to the United States market for beef; but with the exception of a group of well to do and more strongly established mixed farmers, agriculture is experiencing one of the most difficult periods in its history. The rural population is urban bound. New, young farmers, caught in the price squeeze before becoming firmly established, are either hanging on by their boot tops or giving up the struggle. Furthermore, older farmers who should retire are unable to do so, and their sons are adding to the difficulties of the unemployment situation.

I submit, Mr. Speaker, that measures such as that outlined by the government to provide long term credit, with a minimum ceiling of at least $20,000, would serve a dual purpose. It would give a number of young farmers an opportunity to become firmly established and would put them back on the farms on a full-time basis instead of being in urban centres looking for employment. Long-term credit would give the older farmer enough cash to move into a town or city and permit his son to carry on the farm.

In this connection I contemplate supervised credit and, if I may be so bold as to say so, in the interests of economy and sound administration I suggest that such credit facilities should be administered by the director of the Veterans' Land Act administration. I have a reason for making this suggestion. I worked with the Veterans' Land Act administration for a number of years, and I can say first of all that they have field men strategically located across our great dominion. A second factor is that the work under the Veterans' Land Act has reached its peak. I think it will go down from now on, and there is no reason why the staff should not be maintained.

No better job could be given to them than that of supervising such credit. The important factor about such a move is that these field men are experienced. They are accredited appraisers, but above all they are willing and anxious to work as a team with the borrower and his family. They are not merely men interested in routine. They give everything they have to their job. They are interested in citizenship and not simply the farm. I could not be stronger in my recommendation that when a supervised long-term credit scheme is established it should be administered by the Veterans' Land Act officials.

I was amazed at the preceding speaker expounding what the former Liberal administration had done for the farmers. I think this government can take a lot of credit for what has been done. I should like to read a few extracts from *The Organized Farmer*, the monthly publication of the farmers' union of Alberta. This is the organ or the mouthpiece of the Farmers' Union of Alberta, a non-political organization, an organization that likes to think it represents the farmers and in the main does so. I quote:

> About one year ago now the farm union sent a large and representative farm delegation to Ottawa to press for government action to help solve the farm problem. The welcome mat was not noticeable when we arrived. The then Prime Minister was too busy to see us. I think that when we left Ottawa it was the opinion of most that we had convinced members of parliament that there was a farm problem, but few of us believed that we would see much done about our program in the near future.

What does this say? This is speaking of the Conservative government:

> Yes, it has been a year of solid accomplishments. Those who took part in the delegation, those who served as information officers in Ottawa, those members of parliament and of government who supported our program, those local people who helped design the program, and those who have canvassed year after year and worked hard to keep our organization going, and the plain ordinary member who contributed only money—all these deserve credit for the job that has been done—
>
> Despite long hours in the house, in cabinet meetings, and in the administration of their departments, we have always had an opportunity to present our case. Sometimes it has been late at night and other unorthodox hours, but always we have had a hearing. It would have been easy for them to have avoided these sessions but they did not choose to do so—
>
> It is in such an environment that farm problems can be solved. If government and farmer continue to work hard, and work together, as they are learning to do, then the great problems of agriculture can be solved and we can have the kind of agriculture that we farmers have been working for these many years.

I submit that that is a different attitude from that of the previous administration. It is not the whole answer. The trend is there. There is a definite indication that this government is preparing to work with the farmers, the backbone of this country. I may say they saved us in two wars and will probably save us in another one. That is why we must look after this industry.

There is another problem that is facing this country. I refer to the burden of taxation on our municipalities. I believe that the municipalities in the province of Alberta have the second largest per capita debt in the Dominion of Canada. With the accelerated growth in certain cities the burden of replacing and extending facilities has reached a point where something must be done to equalize the tax structure. I am pleased to note that the budget offers some relief in this regard. However, I am sure that the ordinary land owner and the ordinary taxpayer are looking to the proposed conference of the municipalities with the federal government in September when it is hoped that,

after a full analysis has been made, a way will be found for a fairer and sounder equalization of taxes.

Since I have been in this House of Commons unemployment has been the key subject of discussion. I submit that this is a problem that affects us all. However, I do not know whether talking about it is going to do much good. The funny thing about unemployment is that it seems to create a fear in people who have work. They want more work. I think this is not only a problem of the government and of the opposition parties but of every Canadian as long as one fellow Canadian is without work. It will not do much good to tell the government about the unemployment situation. This is the responsibility of every Canadian in Canada and I am not so sure that every Canadian in Canada is doing too much about it.

For instance, I know of certain Canadians who have three jobs and whose earnings are increased to the extent that they are earning more than their boss, in the amount of $8,500. There seems to be a grabbing fear that strikes Canadians when unemployment hits and they seem to say: "Let's get all the money we can get". I maintain that if we can provide one job for one household we shall be doing a fairly good job. If we have any feeling at all for our fellow Canadians, I think that is what we should try to do.

Public works are going to set a pattern to help out the unemployment situation. But I think it is up to the leaders of industry and the leaders of labour to make a survey in order to find out just how people are working; and if they have three jobs or two jobs when one is sufficient, I think we shall have to take a stand somewhere and say, "One job for one".

Certain things can be done by the government. In Red Deer our number of unemployed was the largest in history last year; at that time some 2,100 were unemployed. The situation has improved considerably since that time and I am told that it is expected that the situation will be rectified. However, as far as my constituency is concerned, I am not so much disturbed about this summer because I believe most people will be put to work. On the other hand, we are all worried about the recurrence of unemployment next fall.

As I said before, our economy is dependent upon agriculture. If agriculture goes down, then the rest go down with it. If it is prosperous, we prosper as well. In other words, we farm the farmer. We need secondary industries. We have growing suspicions that many of these small industries coming to this country are sidestepped to the east when in fact they should be sent out west where, in respect of living conditions, they would have much more in common with the place they left. I know that we must have secondary industry. No matter how we get it we shall have to get it. That would help.

The second factor is this. The government, through their public works, could be of assistance. This has been put up to me by construction contractors because I made a survey before I came down here. They say that if public works would let their contracts in the fall for spring contracts it would mean employing a number of men because these same contractors would have something firm on which to work. They could hold more of their staff, get their machinery in shape and do certain things such as brushing, moving rocks and so on. In any case they have staff there which they are reluctant to let go and if they have any excuse at all they would hang on to them and give them something to do whereas, under the present plan, where they have not a contract and do not know if they are ever going to get one, the work does not start until about the end of June. There are many measures which could be taken to improve this situation.

The unemployment situation has caused great concern to the people of Canada and this problem is not going to be settled merely by talk. We have to do something about it and if we face the facts I think we must do something about it.

So much for local problems, and now I would like to commend the Minister of Finance (Mr. Fleming) on his presentation of the budget. The minister's ability to formulate and present facts in proper sequence was indeed a revelation to me. No thinking Canadian expected much tax relief and it was therefore refreshing to witness the courage and wisdom of the minister in bringing down a realistic budget well suited to the difficult problems which exist in our country today. One of the most important functions of government is the bringing down of the budget and I believe that the minister, in bringing down his budget as quickly as he did, has provided a much needed stimulant for our economy.

It was simply not possible to provide more relief by way of tax reduction, but it is only human nature to hold back from making purchases in the hope of such tax relief being afforded. The budget does, however, offer some relief to the ordinary Canadian in respect of assistance to municipalities and to farmers and has provided an incentive for exploration and development to be carried

out by the oil industry. There are many other smaller concessions and some measures which should appeal to all Canadians. I particularly have in mind the estate tax replacing the present succession duty. This measure will provide great relief to widows, allowing them an exemption up to $60,000 with an additional amount for each of three children. Estate duty has been a matter of great concern to many of our countrymen and as a matter of fact before the budget was brought down I had received five letters on this subject.

The proposed amendment to section 35 of the Customs Act in order to stop unfair dumping of foreign goods will also relieve much hardship. Of course it is true that our industry must stand up to reasonable competition. Competition is the lifeblood of trade but to allow dumping is an entirely different question and is certainly unfair to industry and labour in Canada.

The amendment to the Income Tax Act in order to allow corporations to make gifts of up to 10 per cent of income, the intention being to increase the flow of money from these sources to higher education, will I know considerably help the universities. Their need is most apparent and this will provide an overdue boost for them.

As a new member of the house I must say the criticism advanced thus far by the opposition has been totally unreasonable and is just a smoke screen to hide the facts. Opposition members condemn the deficit budget but imply, on the other hand, that the budget does not go far enough in order to get industry in motion and thus relieve our unemployment situation. Of course you cannot have it both ways. It would not be courteous or, for that matter, prudent for me to say too much with respect to this criticism but so far as I am concerned nothing can beat democracy. However, to judge from the proceedings in this house democracy is certainly a slow grinding process. I suppose one gets accustomed to it and I hope I will. We have reached the point in our history where we must decide whether we will continue to be a producer of raw materials or whether we shall process those raw materials.

This is no time for complacency; there are vital problems to be solved and an appropriate part must be played not only by the government but by the opposition parties and the leaders of industry and labour in the solving of these problems and in the advancement of our culture. I submit that anything less is a betrayal of our fellow Canadians.

[Mr. Rogers.]

Mr. Frank Howard (Skeena): Mr. Speaker, I have listened to the various presentations in this debate and I think the greatest commendation of the proposals advanced by the C.C.F. group, outlined in our subamendment, came from those sitting on the government benches. There was one slight exception, but as I have listened to the speeches and have read *Hansard* I have not found one instance of any government member opposing the subject matter contained in that subamendment. The exception, of course, was when the Minister without Portfolio (Mr. Macdonnell) in a very gracious way made reference to the speech of the leader of the C.C.F. as free-wheeling, gassy and windy. However, he did not go into any detail with respect to his remarks.

It is therefore obvious at least from the silence of hon. members opposite, that there is plenty of support for the subamendment which we placed before this house. I predict, of course, that if and when a vote is taken the government will not dare to allow a free vote on it. In fact, following the lead of the present Minister of Finance (Mr. Fleming) when he was in opposition, I would go so far as to challenge the government to undertake that there will be such a free vote, and if that is done, it should not be considered a motion of want of confidence. I make this request just as the Minister of Finance used to do when he sat on this side of the house, but I am sure that neither he nor the government will undertake to accept this particular challenge, for they know just as well as I do the surprise that would be experienced when the result of the vote was made known.

Before we get into too much detail on the budget itself, there is one subject I should like to mention; one that may be considered rather a delicate topic for a member to raise publicly, especially so soon after an election. But I understand from reading newspaper reports that some of the newly elected members of this house, members who were elected under the auspices of the Conservative party, have expressed some ideas and opinions on this matter, though so far in this house I have not heard much about it. I refer to the indemnity structure provided for members of parliament. While this may be considered an impractical thing to discuss, and while it may also be a politically unwise subject to discuss, because certainly we are one of the few groups in society which could be accused of increasing its own salaries, I should like to pursue this matter a little further.

I am not dealing with this question of increasing the indemnity. I should like to

deal with the inequalities which at present exist in the structure of the indemnity as it relates to members from urban areas as against members from rural areas. As any hon. member knows who represents a rural constituency—one which covers many, many square miles; in some cases, thousands of square miles—great cost is involved in attempting to get around such extensive areas and in keeping in touch with the various organizations in the small communities throughout the constituency either personally or by telephone. Skeena, for instance, has an area of about 127,000 square miles, which constitutes almost one-third of the entire area of the province of British Columbia. In fact you could put the whole three maritime provinces twice over into the constituency of Skeena and still have room for a fairly large area for an hon. member to represent.

Mr. McCleave: Is that what the Gordon commission meant by deportation?

Mr. Howard: What did you say?

Mr. McCleave: I asked the hon. member somewhat frivolously if that was what was meant in the Gordon report by deportation?

Mr. Howard: If you ask frivolous questions you will get frivolous answers.

Mr. McCleave: Right. Let's have the frivolous answer.

Mr. Howard: There is no need for an answer. You gave it yourself.

In any event, it is necessary to travel these vast constituencies by all available means of transportation; automobiles, boats, planes and, as some people have facetiously said, by dogsled. This applies to the Mackenzie constituency, to Yukon and to the Cariboo and to a good many others. In my opinion the indemnity structure should be equal in its application to all hon. members and I believe an adjustment should be made based on the geography of the constituency. I have no great opinion as to the amount of the difference, one way or another, but I hope that as a result of this suggestion the government and the Minister of Finance in particular, will be encouraged to provide some more decent arrangement whereby members would be enabled to keep in touch with the large constituencies they represent.

In the course of last session we had what was classified as a baby budget in which a few changes were made in the fiscal policy of the government. I should like to deal with one of these in particular. During that session the Minister of Finance introduced an amendment to the Income Tax Act to provide for some relief for construction workers as far as income tax is concerned. That in itself was a fair and just change to have made, but I would say that all it did was merely to aggravate what was already a discriminatory provision of the Income Tax Act and worsen it by making a change affecting one group of workmen and not others who are similarly placed. I refer, of course, to the logging section of the lumber industry on the coast of British Columbia, to loggers in other parts of the country and to other employees who are in exactly the same position as construction workers inasmuch as they have to leave their places of residence and go to some other part of the country to realize an income.

When this matter was raised last session the Minister of Finance said at that time that the only representations that had ever been made to the government for changes in this respect related to construction workers. Of course, it was brought to his attention that such was not the case and that other representations had been made to the previous Liberal administration about this matter, and the hope was expressed that the minister would look at the representations which were made to the previous administration and bring in additional changes to the act this year. That is one of the major complaints I have to make concerning the attitude of the Minister of Finance as compared with the position he took last session. I have the honour to be a member of one of the locals of the International Woodworkers of America in British Columbia which over the years has been greatly concerned about this discriminatory feature in the Income Tax Act and which has made continuous representations not only to the Minister of Finance but to members of the House of Commons in previous parliaments about the changes which were thought necessary.

As some hon. members may be aware, loggers, particularly on the coast of British Columbia, spend seven, eight, nine or ten months maybe, depending on the area in which they are working, away from their homes. Weather conditions on the coast of British Columbia necessitate at least twice during the year the loggers being laid off from their employment and having to pay the cost of transportation back to their own homes, and these homes are normally in the lower mainland. When conditions allow for the resumption of work in the logging industry they have to pay their fares back to camp in order to start work again. In the winter time heavy snow on the coast of British Columbia tends to shut down work, and in the summer, because of the hot dry weather—as is likely to be the case this year, and as was the case particularly in 1951—other shut-downs take place. So the men

have to pack their bags or suitcases, pack their hard hats and caulked boots and head back to Vancouver.

In terms of the money a man has to expend out of his own pocket for fares to get to these logging camps, that varies from $1 to $2 for logging camps near Vancouver up to $100 or $125 for logging camps farther up the coast.

The board and lodging charges are also extra burdens. We have been asking for years and years to have changes made in the Income Tax Act to allow loggers to deduct the amount they spend for board and lodging charges in camps, especially when these loggers are maintaining a home and family in some other part of the province. This means they are maintaining a second home in the bunkhouse where they live while they are working. Some adjustment should be made in the income tax provisions as they apply to this type of worker. I mention loggers particularly because I know them. I have worked in the logging industry and I know the problems that they have quite intimately. The mere fact that I have not mentioned in detail other working people who are similarly situated does not mean that I do not have the same amount of sympathy for their problems as I do for the loggers. I can only hope at the moment that some time in the future the Minister of Finance will undertake to make this long overdue and very necessary change.

There is another question of discrimination which arises out of this particular budget, and which has been in effect for many years. I have often wondered if there was any connection betwen the word "Tory" and the word "discriminatory". I see by looking at this budget that it is quite easy to draw that inference, and that is probably how the pseudonym of "Tory" came about in the first place. For many years the coast of British Columbia has been discriminated against, as compared with the Atlantic coast, when it comes to assistance for shipping facilities, for passenger and freight services. I am not implying in any way that the assistance given to the Atlantic provinces for shipping facilities should not be given. I am merely pointing out the great difference in attitude that has been evidenced in past governments, and this one as well, in connection with shipping on the British Columbia coast as compared with shipping and passenger facilities on the Atlantic coast.

How many millions of dollars have been spent in years past in either acquiring or building vessels for the east coast, and in payments of subventions to shipping on that coast, I do not know. The amount could be determined, I imagine, by totalling the figures in the various estimates during the years past. However, the amount of money that British Columbia obtains for the same type of service, passenger service and freight shipping facilities, is a mere pittance when compared to the amount which has been given to provinces along the Atlantic. This year, for instance, in direct payment from the Department of Transport for the construction and acquisition of vessels for use along the Atlantic coasts and for subventions or subsidy payments to Atlantic shipping, the Atlantic provinces are obtaining a little less than $5.25 million, compared with the amount allocated for subventions for shipping on the British Columbia coast of about $332,000. This means that about 15 times more money has been allocated to the same service on the Atlantic coast than has been allocated to services along the Pacific coast.

Passenger service by ship along the coast of British Columbia has deteriorated. Some years ago the service was not too bad. There were adequate facilities serving the small communities and logging camps. However, the attitude of the government has been to leave coastal shipping service along the coast of British Columbia in the hands of some fly-by-night, two-bit ship operators who are not concerned with providing service but merely concerned with travelling to the most lucrative areas and charging whatever rate they can get. These shipping companies in British Columbia gradually deteriorated and many of them have gone out of business because they were trying to cut corners on costs or because they did not know what they were doing which resulted in ships piling up on rocks, with loss of lives and the ships themselves ruined beyond the possibility of reconstruction. I am not referring to the strike that is now in effect against the Canadian Pacific because it only covers a small portion of the shipping lanes along the coast of British Columbia, the area between Vancouver and Vancouver island and one run up the coast. This strike is something which arises out of labour-management negotiations. However, if subsidies are necessary in order to maintain the operation of these vessels, then subsidies should be granted just as they are granted in many cases to shipping companies along the Atlantic provinces.

The only solution to this problem, and the one which we have advocated for many years now with regard to shipping on the coast of British Columbia, is operation by a crown corporation. In this way we would ensure that adequate facilities are provided and that service could be curtailed or increased when necessary. If the shipping facilities along

the coast of British Columbia were under one crown corporation, the entire operation could be co-ordinated so that the profitable runs would be able, to some degree if not completely, to offset the non-profitable runs and the runs which must necessarily be put into effect in order to provide service first. We could worry about profit and loss statements afterwards. We are asking for fair treatment in this regard.

An important deficiency in the budget, apart from the fact that the major problem throughout the nation is one of unemployment, is the failure of the budget to take any cognizance of the high personal taxation that is in existence today and which has been in existence for some time. Some of us had the privilege of hearing about unemployment today from a delegation of unemployed who appeared in the railway committee room and who came from various parts of Ontario. I refer to this high personal taxation not because it affects everyone but because it reflects the insincerity of this government. If one wishes to arrive at a decision in this regard, he only has to compare the many speeches and the pages of *Hansard* that hon. members opposite used to fill when they sat on this side of the house and the election promises that they made both before this last election and before the one in 1957 as to what this Tory group would do if they ever got into office when it came to reducing income taxes or increasing exemptions, and compare that with the budget. As you well know, Mr. Speaker, that is the subject matter of the subamendment now before us.

Whenever I want something amusing to read I can always find it by reading the annual presentation the Minister of Finance made when he was sitting on this side of the house. I am sure if he has a few hours to spare from his regular 18-hour day, if he would re-read some of these speeches he made when he sat over here they might prick his conscience a little bit and make him realize the necessity for making this adjustment in the personal income tax and increasing the exemptions, which course he so loudly espoused not many months ago, to $1,500 for single people and $3,000 for married people.

We know that election promises are easy to come by. We know that prior to 1957 the Conservatives had all sorts of fanciful promises to make; we also know that it is now quite obvious they had no intention of keeping them. Whether I can, I do not think I should make any reference to the integrity of the Minister of Finance because I know that even though he appears to be reading he has one ear cocked on the words that are issuing forth from this corner and would be only too quick to jump to his feet—

Mr. Pallett: He would not miss much if he could not hear a word the hon. member is saying.

Mr. Howard: I thought there was going to be some interjection loud enough for me to hear.

Mr. Pallett: I merely said he would not miss much if he could not hear a word the hon. member is saying.

Mr. Howard: It is obvious that he would not miss very much because I am referring only to what he said two years ago. In any event, promises are easy to come by. The Minister of Finance, before he was Minister of Finance and while he was Minister of Finance during the last election campaign, made many of them, most of which were irresponsible. When it comes to looking for action arising out of those promises of tax cuts, what do we get? Nothing. There is no reference to relieving the burden that has been resting on the shoulders of the taxpayers of this country for many years, placed there originally by what he used to classify as the high tax party, the Liberal party. When we look for action we do not get it. The only action we get reminds me of the Saturday night wrestling matches that we see on television once in a while, a mixture of comedy, errors, drama, foolishness and deception.

There is a little blue book that I like to refer to once in a while. I am sure every hon. member opposite has seen it. It is called "the new national policy". It contains verbatim quotations from speeches of a fellow called John Diefenbaker. I do not intend to go into all of them today; I just want to point out—

Some hon. Members: Go ahead.

Mr. Howard: What I would do would be once again to point out the deliberate deception that has been perpetrated upon this country by that party—

Mr. Bigg: Read from it and you will be reading some sense.

Mr. Howard: There is lots of sense in here, Mr. Speaker. This is an example:

> The government seems to think that it is good for the souls of the Canadian people to overtax them and to have honest Canadians pushed around and pilloried by income tax snoopers.
>
> Furthermore, we believe that a major reason for the serious trade situation is that we are being taxed out of the markets of the world by unnecessarily high taxation.

The same Prime Minister who made these sensible comments made this sensible comment when he spoke to the Canadian Congress of Labour convention recently in Winnipeg. He told them that we were pricing ourselves out of the trade markets of the world because

the working man was getting too much in wages. You cannot be sensible in two ways. If you are going to be progressive and if you are going to use one of those words "Progressive Conservative" and try to be a party that goes ahead by going backwards or going backwards by going ahead or whatever "Progressive Conservative" means, then we have an example of it today. But it is absolutely necessary to make those adjustments in taxes just as was advocated by hon. members opposite, obviously in an insincere way because they did not believe it or do not adopt now the same type of attitude they adopted when they were in opposition.

We have heard comments or questions or interjections occasionally on this question of tax adjustments or reductions in personal income tax from the other side as to where we are to get the money from. I have heard that on two or three occasions. It seems to me the only obvious way to attempt to get out from under an embarrassing position is to attempt to ask embarrassing questions such as, where are we to get the extra money from? If you raise income tax exemption obviously you are going to cut down on the income of the federal treasury. We have to find the money somewhere to provide those social services. Well, of course, I thought that is what a Minister of Finance was employed for, to find answers to those questions; but if you want the answers from the opposition we are more than willing to give you the benefit of our knowledge, knowing full well that one of these days the party opposite will become as desirous of pilfering sections from the program of some other parties as the Liberals were when they were in office. When that time comes we shall be pleased to give you more suggestions and pleased to see you accept them.

But there are one or two inequities which exist in the taxation legislation of this country which have been brought to the attention of the Minister of Finance on many occasions. It would not do any harm to have them brought to his attention again today. In the first place, this is the most iniquitous one. It relates to the portion of our income tax which goes into the old age security fund for the payment of old age pensions, the so-called 2-2-2 formula. The two per cent personal income tax has a ceiling of $60 placed on it. This is one place where we suggest the minister could get the additional income. He should connect the all-inclusive payment of old age pensions, which means that they are received without any means test, with payment without any means test and remove the ceiling of $60 payments to the old age security fund. Based on the 1955 taxation statistics this would probably mean an additional $20 million.

If we were to return to the percentage of corporation tax that was charged a few years ago we could realize an additional $112 million to $115 million of income based on 1955 statistics. The 20 per cent tax dividend which gives a legal tax dodge to some people who get their income in a certain way should be done away with and it would give us even more. So far as the capital gains tax is concerned I know the minister opposes it if he has not changed his mind since he was in opposition. He has changed it on a great many other things, but I doubt whether he has changed it on this. How much money we could receive in income from a capital gains tax is more than I know. There are no statistics available. There is no breakdown in the taxation statistics or anywhere else, at least that I have been able to find, as to the amount of income available from a capital gains tax.

One of the most perplexing things that I have tried to do is to attempt to classify this budget and what terms we could apply to it.

An hon. Member: Glowing.

Mr. Howard: I have not used the word glowing in this anagram that I have drawn up, but I have picked another word starting with "g" that makes it even more acceptable. But there is a better way to immortalize the name of the father of the budget and that is by using the initials of his last name in drawing up a number of adjectives to apply to the budget. Let us run down the letters which make up his last name. We find that we can very easily define it as "fleecing", "limp",—

An hon. Member: Lovely.

Mr. Howard: "Empty", "mean", "mercenary", "insincere", "nauseating" and the last one is "greedy"; "iniquitous" is another one for you. Fleecing, because it continues to exact a heavy toll from individual taxpayers and still robs the man in the lower income group; limp, because the natural milk of human kindness, which farmers particularly need, has been left out of the recipe; empty, because it is empty of any principle or philosophy except the principle of meanness, meanness to old age pensioners, retired civil servants, retired railway employees and others in similar fixed income groups; insincere, because it obviously abandons and has no connection whatsoever with election promises or with the comments hon. gentlemen used to make when they sat over here; nauseating, because it rebuffs the legitimate request for food in the stomachs of the unemployed and their

families; greedy, because it obviously means more and more cost without any concomitant amount of services related thereto.

Incidentally, if some hon. members had attended a particular meeting held today at which a presentation was made to the cabinet by a number of people who used to be workmen but are now unemployed they might have been able to participate in a more sensible fashion instead of adding to the nausea created by the budget by making equally nauseous interjections.

Mr. G. C. Fairfield (Portage-Neepawa): First of all, Mr. Speaker, I should like through you to convey my best wishes, and I hope the best wishes of the house, to the Canadian nursing association for the successful convention they are holding. I should like to compliment the Minister of Finance (Mr. Fleming) on his most difficult task in explaining so clearly the economic aspects of the country resulting in the budget we have had presented to us. To inherit the very difficult mantle of the finance ministry even at the best of times assures one of some unpopularity with the taxpayers, no matter how generous the minister in question may be, but to have assumed this role during a time of economic recession makes the task even more arduous since the minister must walk the knife edge between recession and inflation.

The opposition members, particularly those who so recently occupied this side of the house, have called the budget a blue budget and they have criticized the minister for not reducing taxes more as they would have done, so they say. I would think they would be more grateful in that they now may write off their expenses for eye glasses because that party has had a reputation for shortsightedness for some time. I should like to assure the opposition that the Canadian people are not too easily fooled by these cries of distress. If there were an opportunity in the very near future the result at the polls might be even more devastating than it was on March 31.

What I wish to say now does not in any way reflect the opinions of this party or any other individual but myself. I do not think the Canadian people are cognizant of the increasing peril under which they live. I should like to forestall opposition comments by saying that it is not a political peril but one which became obvious to me when, last October, the first sputnik was successfully hurled into its orbit around the world.

Since time immemorial, whenever a tribe or a state under the domination of at least one person has felt assured of its superiority in weapons it has struck without mercy at its neighbours and other tribes and nations either to enslave them or to obviate any real or imagined dangers of counter-invasion. We have had instances of that in the last half century, particularly in the last two decades. Despite the opinions expressed by some people that an all-out nuclear war could not be visited on us merely because we cannot bear to contemplate it without panic is to dodge the issue rather than to face it.

In my opinion, Mr. Speaker, and I must repeat that it is mine alone, no greater danger has ever faced the Canadian people than at the present time. The target is not now Europe but North America, and again I sincerely believe that there is a very real possibility of nuclear attack within the next year. Let us not imagine that because missiles have their origin thousands of miles away their accuracy is in any great doubt. I think those of us who were in London at any time during the V-2 barrage of the last war will remember the destruction caused by those earlier and very much simpler weapons.

I had the privilege at one time of being selected, along with other Canadian doctors who were veterans, to attend a course at Washington on atomic bombs and warfare some time before the H-bomb was exploded. The effect of the A-bomb was considerable but the effect of the H-bomb is overpowering. When one considers the effect of one ton of high explosive—

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but it being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order 15, paragraph 3.

PRIVATE BILLS

Mr. Deputy Speaker: As there are a number of bills standing for consideration in committee of the whole, is it agreed that all these bills be referred to the committee of the whole in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. SD-1, for the relief of Valija Zvirgzds Kazaks.—Mr. McCleave.

Bill No. SD-2, for the relief of Joyce Florence Taylor Larman.—Mr. McCleave.

Bill No. SD-3, for the relief of Kathleen Margaret Coffin Barre.—Mr. McCleave.

Bill No. SD-4, for the relief of Freda Bernadette Godin Headland.—Mr. McCleave.

Bill No. SD-5, for the relief of Bruno Bedard.—Mr. McCleave.

Bill No. SD-6, for the relief of Stefania Sobol Wojtowicz.—Mr. McCleave.

Private Bills

Bill No. SD.-7, for the relief of Elizabeth Antonie Hartmann Elstermann, otherwise known as Elizabeth Antonie Hartmann Von Elstermann.—Mr. McCleave.

Bill No. SD-8, for the relief of Ruth Ellen McMullin Gosnell.—Mr. McCleave.

Bill No. SD-9, for the relief of Beatrice Bellamy Drysdale Scott.—Mr. McCleave.

Bill No. SD-10, for the relief of John Ronald MacCuaig.—Mr. McCleave.

Bill No. SD-11, for the relief of Edith Ann Van Horne Beattie, otherwise known as Beverley Ann Van Horne Beattie.—Mr. McCleave.

Bill No. SD-12, for the relief of Constance Lilias Crawford Booth.—Mr. McCleave.

Bill No. SD-13, for the relief of Henry Krupa.—Mr. McCleave.

Bill No. SD-14, for the relief of Ferenc Tamas Kalman Laczko.—Mr. McCleave.

Bill No. SD-15, for the relief of Olive-Jane Frances Piper Sinclair.—Mr. McCleave.

Bill No. SD-16, for the relief of Rhoda Carin Burack.—Mr. McCleave.

Bill No. SD-18, for the relief of Julia Switnicki Kobel.—Mr. McCleave.

Bill No. SD-19, for the relief of Eric Dunstan Martin.—Mr. McCleave.

Bill No. SD-20, for the relief of Hazel Margaret White Jackson.—Mr. McCleave.

Bill No. SD-21, for the relief of Mary Stepko Berryman.—Mr. McCleave.

Bill No. SD-22, for the relief of Jewel Evelyn Bockus Yeo.—Mr. McCleave.

Bill No. SD-23, for the relief of Clarence Leonard Sproule.—Mr. McCleave.

Bill No. SD-24, for the relief of Geraldine Avonne Dixon McNaughton.—Mr. McCleave.

Bill No. SD-25, for the relief of Jean-Louis Ducharme.—Mr. McCleave.

Bill No. SD-26, for the relief of Emery George Nemeth.—Mr. McCleave.

Bill No. SD-27, for the relief of Alfreda Rose Celina Gigot Kyriazis.—Mr. McCleave.

EVELYN GRACE BLAKELY MULLINS

The house in committee on Bill No. SD-17, for the relief of Evelyn Grace Blakely Mullins —Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. McCleave: Mr. Chairman, before the committee considers these divorce bills I should like to point out a matter which was raised in the standing committee with reference to Bill No. SD-17. According to the evidence presented to the committee of the other house or rather from a transcript of the evidence as it appears before us, the age of a child was given as five years. In that particular case this would have meant that the child had been born after the petitioner had been deserted by her husband. On investigation I find that this "five" was a misprint and that the child's age is actually eleven years. This would have meant that the child was born before the couple separated. I thought the house should have that information because one of the members of the committee, namely the hon. member for Brantford, had raised the matter in the committee.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the said bills be read the third time? Now?

Mr. Chevrier: On division.

The Acting Speaker (Mr. Rea): Is it agreed that all the divorce bills be passed in one motion?

Some hon. Members: Agreed.

Mr. Chevrier: On division.

Mr. McCleave moved the third reading of Bills Nos. SD-1 to SD-27 inclusive.

The Acting Speaker (Mr. Rea): By unanimous consent Mr. McCleave, seconded by Mr. MacEwan, moves that bills numbered SD-1 to SD-27 inclusive, being divorce bills appearing on today's order paper as items Nos. 34 to 60 respectively, be now read a third time and do pass. Is it the pleasure of the house to adopt the motion?

Mr. Chevrier: On division.

The Acting Speaker (Mr. Rea): On division.

Motion agreed to on division and bills read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-2, respecting the Protective Association of Canada.—Mr. Boivin.

Bill No. S-3, respecting the Mercantile and General Reinsurance Company of Canada Limited.—Mr. Morton.

JUVENILE DELINQUENTS ACT

AMENDMENT TO PROVIDE FOR SECRECY AND DESTRUCTION OF REPORTS, ETC.

Mr. Noel Dorion (Bellechasse) moved the second reading of Bill No. C-20, to amend the Juvenile Delinquents Act.

He said: As stated in the explanatory notes, the purpose of the amendment suggested by this bill is to provide for the absolute secrecy of reports, files and records in connection with the trial of juvenile delinquents and to provide further that such records and files be destroyed after a period of five years from the date of such trial. I do submit, Mr. Speaker, that this amendment meets a social need and, in addition, is in accordance with the spirit of the Juvenile Delinquents Act. Indeed, subsection 2 of section 3 is enacted in the following terms:

> When a child is adjudged to have committed a delinquency he shall be dealt with, not as an offender, but as one in a condition of deliquency and therefore requiring help and guidance and proper supervision.

Section 38 underlines still more the legislature's intent in the following terms:

> This act shall be liberally construed to the end that its purpose may be carried out, namely that the care and custody and discipline of a juvenile delinquent shall approximate as nearly as may be that which should be given by its parents, and that as far as practicable every juvenile delinquent shall be treated, not as a criminal, but as a misdirected and misguided child, and one needing aid, encouragement, help and assistance.

These two sections are all the more important as they are inspired by the factors and conditions which contribute to juvenile delinquency.

Obviously these factors are numerous and manifold. But one of the most important is surely the family's conditions. In a work entitled "The Juvenile Offender", published some years ago, Professor Clyde B. Vedder, of the University of Florida, stresses the influence of home and family in the following terms:

> It cannot be overemphasized that a child's family is the most important influence in shaping his personality and character. In this profound primary group the child acquires his basic ideals and a sense of right and wrong. Here he first experiences social interaction and becomes conscious of standards, goals, values and the formulation of judgments. Here he is a member of the all-unit of society, the first stage upon which he learns to imitate his elders as he begins his awakening into a fuller knowledge of the world about him.

The general purpose of the Juvenile Delinquents Act is precisely to give to the child who is the victim of his environment the help and guidance and the proper supervision which he did not find within his own family. In his very interesting work entitled, "Belief and Action", Viscount Samuel recalls the psychological fact that:

> Among the ordinary supports of morals in everyday life we may see that habit is of the first importance. The normal person is not constantly reflecting whether he shall be honest or not; he is honest by habit and as a matter of course.

In order to root this habit in his conscience, the juvenile delinquent should be treated not as a criminal but as a misdirected and misguided child. In its summary of recommendations, the committee appointed to inquire into the remission service of the Department of Justice of Canada recalls this fundamental rule with respect to the administration of justice:

> Some means should be found whereby the courts, at all levels, may be made more conscious that the purpose of punishment is the correction of the offender and not mere retribution by society.

This truth is especially to the point when the offender is a youth and, generally speaking, is not truly the only one responsible for his conduct. It follows that society has no right to give him harmful publicity and still less to make him carry a police record through his life like a millstone around his neck.

In my professional practice I have sometimes had the opportunity to note how unscrupulous are certain organizations. I have in mind particularly those companies whose business it is to make investigations for the benefit of certain finance or insurance corporations. Even in the army it does happen that an old record of a former juvenile delinquent is a handicap to his promotion in spite of the fact that his present conduct and qualifications are excellent.

Twelve years ago in the district of Quebec there was formed a social service to work for the rehabilitation of juvenile delinquents. Since that time this organization has rendered great services to our society and in October of 1956 at the conclusion of a symposium, many resolutions were passed, two of which I would like to quote as follows:

(Translation):

> 3. This meeting wonders whether an adult considered as rehabilitated, who has given proof of good behaviour during a period recognized as long enough to dispel any fear of relapse, should benefit from a privilege on the part of the authorities, concerning the existence of a police record.

And then, number 7:

> 7. Dr. Gauthier suggests that the records of young delinquents do not constitute in any way for them a true police record and that they should not be revealed to any individual nor any society.

(Text):

My suggestion to this house was in fact inspired by those resolutions. As a result of the proposed amendment anyone not engaged in the administration of justice or in the rehabilitation of juvenile delinquents will be denied access to existing records. Moreover, after a period of five years from the date of the trial of any juvenile delinquent his or her records and files would be destroyed so that he or she will really feel a normal citizen who henceforth has the

right to a free and complete existence in society, rather than being considered as some sort of untouchable.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I feel I have some justification in rising to speak to this bill because I have spent some five years in juvenile and family court work. I am entirely in favour of the principle of the bill which would make the records of juveniles inaccessible to the general public, to the magistrates' courts or indeed to any persons other than to officials of the juvenile courts themselves.

There are two principles involved in this bill, as a matter of fact, firstly with respect to the availability of the records to other authorities and, secondly, with respect to the destruction of those records when they have completed their usefulness to court authorities.

Many juveniles appear before juvenile courts today who would not formerly have done so. Many offences brought before juvenile and family courts are of a very minor character and the authorities take this course in order to draw the attention of parents, teachers and the juveniles themselves to the fact that these children have got slightly out of line with the accepted practices in the adult world.

As the member who introduced the bill has stated, the juvenile delinquent is no longer treated as a criminal but is now treated as a person having need of special care and assistance in the hope that he or she will eventually become a useful citizen.

Before the Juvenile Delinquents Act came into effect juveniles who got into difficulties were brought before magistrates, with some very undesirable results. In the first place the provisions of the Criminal Code stated that juvenile cases must be heard last and that the court must be cleared. This resulted in many instances of juveniles, brought to court for minor offences, having to sit in court for at least part of an afternoon listening to the sordid stories told in magistrates' courts. This may have resulted in the juvenile's education having been widened but I believe the knowledge of adult delinquencies would be harmful to these children.

Since the Juvenile Delinquents Act has been in force and its application has become more widespread throughout the country, it has been proclaimed throughout the different jurisdictions and people are now becoming more familiar with the procedure in bringing children before juvenile and family courts. The jurisdiction of the magistrate was very limited before the introduction of this legislation. He was limited to dismissing the charge against the child or placing him on suspended sentence or fining him. In these circumstances, a large number of very minor offences were never brought to the attention of the authorities and as a result the juvenile felt he had got away with whatever he was doing and was left with some disposition to try it again. Perhaps on the second occasion it became a much more serious affair and the very benefit of what he might have received in the first instance was gone.

I would turn up, if I may, section 20 of the Juvenile Delinquents Act as it now stands to indicate the type of punishment, if it can be called that, which a juvenile court can now impose on a juvenile. First, it can suspend final disposition. This type of disposal of a case is most often used where a juvenile has become involved in some very minor offence. Suspending final disposition shelves a matter as effectively, in fact as it is sometimes shelved in this house by sending questions to committees or some other place. Suspension of final disposition is used quite often, but there is nevertheless a record that a particular juvenile has been brought before a court and found guilty of some offence even though that offence may be minor in character—it might be nothing more serious than riding a bicycle on a sidewalk contrary to some local by-law although it could also be something more serious in connection with the transgression of a provincial or federal statute. But regardless of these distinctions it must be a minor matter, and the whole affair is passed over, and as far as the courts are concerned, forgotten.

This, I think, is the main type of case which the hon. member who introduced the bill is trying to protect. These are the children who have stepped out of line once, as all of us have done at some time before reaching maturity and becoming acquainted with the standards which the people of this country expect from adult persons. In these circumstances I think it would be most unfair for a record of such a juvenile to be kept and held against him as what one might call a criminal record.

These children are brought before the juvenile courts nowadays at any age after they have reached the age of understanding. I have known them to be brought before the courts at the age of eight or nine years where there has been a serious infraction of the law. The law would not normally expect these children to understand the seriousness of their acts, nevertheless it has been something sufficiently serious to make it necessary for some action to be taken. In this particular type of case I think it is only fair that two things should happen: first, that the record should

eventually be destroyed and, secondly, that the juvenile involved should know that the record is being destroyed.

One of the things which cause second offences as far as many of the authorities are concerned is the fact that when a person has been found guilty and convicted of some offence he feels that that is against him for the rest of his life, and for that reason he may not find it very difficult to go out and commit another offence. But if he could feel that though he had transgressed to some extent the laws of the country while he was small, he had been forgiven by the public; if he could feel that there was that much understanding among the authorities of this country, and that his slip would never be held against him when he had reached maturity, then I think there would be a much greater incentive for that juvenile to try to forget his little slip completely, having in mind that it is not engraved permanently on the court records.

Another thing. Quite often I have found that these juvenile court records were being improperly used by police, magistrates and other persons concerned with the administration of justice. The basic idea behind the Juvenile Delinquents Act is that these juveniles shall be considered as persons in need of help. There are very strict rules governing juvenile courts which say that no names shall be published in the newspapers and that no publicity shall be given to juvenile cases. This is all intended to serve one end, namely that a juvenile who has committed a minor offence shall be allowed to recover without the stigma of a record. Yet there have been many instances where police have gained access to these records in some way or another and have immediately become prejudiced against a particular child, even though he might have been only 11 or 12 years old at the time he committed the offence.

Likewise, as the law presently stands, there is nothing to prevent a record being passed from a juvenile court to an adult court and there held against a defendent. This, again, is not what was intended by the Juvenile Delinquents Act. In some provinces magistrates are men with legal training, but in many provinces they are not, and these records are very important as far as the security of cases is concerned. I am not sure, offhand, that there is any province which requires that a magistrate should be a man with legal training, but in any case, having before him the record of a juvenile who has been in trouble before might give a magistrate the feeling that perhaps the boy has a predisposition for getting into trouble and that therefore he should be taught a good lesson. I say that these records should not pass into the hands of an adult authority once a boy has reached the age of 16, at least in the province of Ontario—it is 18 in some other provinces—the age when he becomes an adult in the eyes of the law.

There are several other dispensations that juvenile and family court judges may make of a juvenile court case. They may adjourn the hearing for an indefinite period. So far as the criminal law is concerned this is a definite departure from previous well-established principle which states that no criminal case can be adjourned sine die. Under the Juvenile Delinquents Act this can be done, and in many cases an adjournment without a further date being specified is a form of suspended sentence.

Then, thirdly, the judge of the juvenile court may impose a fine not exceeding $25 which may be paid in periodical amounts or otherwise. The use of a fine is quite common. In some cases it is found to be quite useful punishment if a child is made to pay for some damage he has done, that is malicious damage to property such as breaking windows or even knocking the glass insulators off telephone and telegraph poles. They do not realize that these things cost money. However, if there is a fine imposed and the child is ordered to pay that fine himself within a stated period he can often be persuaded, with the co-operation of his parents, to do a certain amount of extra work and by the time he has paid off a fine of $25 for breaking windows he may not find that a suitable occupation in the future.

However, Mr. Speaker, these are things that all of us have done, but we have not all been caught. All of us during our youth I think, have been involved in some such things as breaking windows, and even more serious vandalism, when involved with a group of people or a gang that is bent on making trouble. Yet the Juvenile Delinquents Act recognizes that these boys are not basically bad and that when they have reached the age of maturity they will learn better. It is with that in mind that the limitations have been placed on what can be done with children.

There is another penalty that the juvenile courts can impose, and that is to commit the child to the care of a probation officer. This practice is becoming more and more prevalent in the provinces of Canada. I can speak mainly for the province of Ontario because that is the province in which I was involved. This province is building up a very effective probation service, both for juveniles and adults. It has come into being within the last

seven or eight years. I believe that the person most responsible for it was the Reverend Dan Coughlan, who was taken into the department of the attorney general and given a job to do. He has done that job. The probation service in Ontario is now at its peak. Probation is provided for both adults and juveniles, but at the moment we are concerned with juveniles. If a judge believes a child is running into difficulty because of the neglect of his parents, he can place him directly under the control of a probation officer. In most such cases the probation officer requires reporting and so forth, and keeps an eye on the boy to see that he does not get into any trouble.

In most cases, these children are left in their homes and they are ordered to report to the Children's Aid Society or to a probation officer. The court can also place such children in foster homes, if these children are not being properly looked after at home. They may be placed in the care of the Children's Aid Society.

Again in this case the court is recognizing the fact that it is not the child's fault but the fault of the parents when he is taken from his own home and placed with some one else or with the Children's Aid Society. It has often been said that there are more delinquent parents than there are delinquent children, and I think there is a lot of truth in the statement. A good many children find themselves in difficulty before they reach an age of understanding because the parents have merely neglected to give them any assistance, rather than by reason of the fact the parents have led them into any path of misdoing. Regardless of whether it is the result of neglect or malicious bad example on the part of the parents, it is recognized that it is not the child's fault. In such a case, again, we come back to the same principle that when the child reaches an age of understanding he should not have all these childhood things to cope with and have prejudice created in the mind of the public.

In closing on this question of penalty, I might say there are some cases of a very serious nature. There are cases of boys, of the age of 15, who have not reached adult age, but who have become involved in armed violence. There have been a few involved in cases of murder. In these cases, no matter how serious the offence, they are still within the jurisdiction of the juvenile court. If the juvenile court feels that these cases should be dealt with in the adult court, then the judge has authority to send the case on. Having sent it on to the adult court, it then becomes a matter of record in such adult court. In that case there is no particular reason for holding back the records. This particular section of the Juvenile Delinquents Act would not apply.

With that background, Mr. Speaker, I would just take a couple of minutes to deal with the two principles involved. The amendment to section 12 of the act provides in general terms that no one who has had the custody or control of a juvenile delinquent, and no one who has charge of the records, shall communicate the contents of those records to any other person not a judge, magistrate, probation officer, superintendent or other officer connected with the administration of justice. I think, to a large extent, this practice is now followed in most of the courts, but that is purely an administrative matter. In other words, those people who have had experience in juvenile work are well acquainted with the fact that some agencies would use these records to the disadvantage of the individual, particularly in so far as employment is concerned. If a young lad were to apply for employment and his employers were permitted to go into the juvenile court record and find he was involved in something serious,—at the moment it is up to the judge to decide whether or not that information should be released. Under this amendment there would be no such jurisdiction and the records would remain private.

Then there is the other principle involved in the later destruction of the records. Again, I feel that is a good provision. The child who has been misled or who has got into difficulty must have the feeling that he did it when he was a boy, that he has been forgiven and that he may now go ahead and live a normal adult life, without the stigma of a childhood prank being held over him for the rest of his life. For all of these reasons, Mr. Speaker, I am very much in favour of this bill.

Mr. Paul Martineau (Pontiac-Timiskaming): Mr. Speaker, like the hon. member who has preceded me, the member for Parry Sound-Muskoka (Mr. Aiken), I have had some experience in dealing with juvenile delinquents in my capacity as crown attorney for the county of Pontiac, which position I held for eight years. As crown attorney, juvenile delinquents were a constant problem and decisions had to be reached concerning those persons. I find that among police officials there is always—and rightly so—a very great reluctance to initiate any kind of proceeding against a juvenile. By that I mean should a complaint be received against a juvenile and that juvenile had never been the object of a complaint before, the police will in most instances, unless the charge is extremely serious, go to the home of the young person involved and question him and his parents.

If the offence is not serious, and if there seems to be satisfactory evidence that such an offence will not be committed again, then the police officer, the social welfare officer or the juvenile delinquent's court officer will simply shelve the complaint and recommend to the parents that closer supervision be kept of the youngster concerned and also the youngster himself in most instances will be reprimanded. Unless the youngster has a long background of delinquent tendencies he will have learned his lesson and never again will he be the object of police investigation.

In other cases the police must proceed to lodge a complaint under the Juvenile Delinquents Act, or even under the Criminal Code, if the offence is more serious. There are two types of juveniles who appear before the courts and they may perhaps be classified in three broad categories. The first are offences of violence, I might say, such as assaults, fights, damage to property. The second category is the juvenile who indulges in petty thievery, and the third type deals mostly with delinquents who have been guilty of some sexual perversion.

In the first type of delinquent we find more or less a complex of violence; it is a matter of a young bully who wishes to impose his will by violence upon other youngsters or even in rising against established order and destroying property.

In the case of petty thieves, they are mostly drawn from a background of underprivileged families whose parents may be drunkards or may have separated and who have domestic difficulties and who have developed a resentment against society. They have come to the point where they cannot distinguish between right and wrong, in that they believe that they should have the same share of the good things which their school companions and others enjoy.

The third type, the sexual pervert, develops from some type of maladjustment which cannot be clearly defined and it is a matter that should be referred for proper psychiatric treatment.

When these youngsters, most of whom are simply misguided, appear before a juvenile court judge and the other court officials, they are always, at least in my experience, treated with the greatest consideration. First of all, the law provides that the hearings shall always be secret and in chambers. The youngsters are accompanied by their parents, by their guardians or by other social workers. It is not a court at all in any traditional sense of the word; rather it is simply a heart to heart talk between the judge, who adopts a very fatherly attitude, and the youngster who has diverted from the straight and narrow path. Most of those youngsters appear before the courts very bewildered and a few questions will soon dissipate the camouflage of self-assurance which they may have and they will generally answer docilely the questions that are put to them by the judge and the judge will truly discover what is the thing that has led them astray. In most instances a few words by the judge, the placing of the youngster on probation for a definite period, either to his own parents, to a court official, or even to a police officer, with definite dates upon which the youngster should report, have the desired effect of changing the youngster's attitude and preventing perhaps the criminal tendencies, which are more or less inherent in all people, from being developed and those youngsters do become very good citizens later on.

I am absolutely in accord with the spirit of the bill presented this afternoon. I approve it, mostly for the same reasons that have been expressed by the previous speaker. There is no doubt at all that even if the greatest precaution is taken to assure that the court records do not fall into hands that should not have them, they will do so and as a matter of fact they often do, and they may be used in much later years, perhaps 10 years or even 20 years later, by unscrupulous blackmailers or other persons against the youngsters who for many years have become respectable citizens of the community.

Even under the present law, although records are secret, although none of the names in the proceedings may be divulged, the record of a juvenile may be used later if that same person, now grown to adulthood, is again before the courts. I believe that is most iniquitous, because surely the youngster when he was a juvenile could not distinguish between right and wrong to the extent that he could do it later when he is no longer in that category and yet, despite that, in certain instances those records are used.

More important perhaps than any other reason is the fact that these records may be destroyed, after five years, as suggested by the bill, gives to the former juvenile a feeling of absolute security and that feeling of security is most necessary to complete his rehabilitation.

For all these reasons I endorse the bill. I believe it is another step forward in the rehabilitation of juveniles and it serves a very useful purpose.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in speaking on this bill I should simply like to say that one very relevant fact has been brought to my attention, namely that in relation to the population of Canada today there are far too many prison sentences and, in fact, far too many charges

being laid. I say that for one reason. If we compare the population of Canada with that of England we find that in Canada far more people are receiving jail sentences and far more people are being charged, be they juveniles or otherwise.

I should like to go from the general to the particular. I wonder how many hon. members realize how very serious it is for a young person not only to have been charged but sentenced to prison. First of all, when people apply for jobs most companies ask whether they have a record. If they do not ask, then in some unknown way they seem to be able to obtain that information quite easily. I do not know whether I am entirely correct but I make the suggestion that even in many government departments and agencies the question is asked whether the individual has been charged or sentenced to prison. I simply say to the house that most private companies and most government departments and agencies ask this question. But suppose they do not. Here is what usually happens.

I have had a little experience in trying to find work for ex-prisoners. A young fellow may come to your office and say, "Sir, will you help me get a job?". After you have canvassed all the companies that do not ask about a record you may finally get the man a job. But he is then under a serious handicap with respect to whether or not he should inform his employer. Invariably the lad will come to you and say, "Should I inform my employer?". Therefore, irrespective of whether the company has any rules regarding the matter there is always this Damocles sword hanging over his head.

I bring up this matter in order to convey to the house what a very serious proposition we are dealing with. I feel that the records should certainly be destroyed but on the other hand I believe there are certain parts of them that should be retained. I do not mean that part indicating that the person has been charged and sentenced to jail, but that part dealing with the case history of the individual which might have some future relevance and use for psychiatrists. I think such information contained in the records would be useful and as long as the bill guarantees that they will be kept in strict custody I think the bill should receive our approval and support.

In my opinion gross injustice has been done to many young people who have to go through life with this handicap hanging over their heads. For that reason I express my hearty approval and support of the bill. Before taking my seat I wonder whether I might have permission to ask the mover of the bill if it contemplates the destruction of the whole record. Would he inform the house whether that part of the record that might be of future use for psychiatric purposes in helping the young person would still be retained in proper custody? May I put that quesiton to the mover of the bill?

The Acting Speaker (Mr. Rea): Does the house give consent to having this question answered without the hon. member closing the debate?

Some hon. Members: Agreed.

(Translation):

Mr. Dorion: Mr. Speaker, if I understand my hon. friend's questions correctly, he would like the record to be divided into two parts, one of which would be retained and the other not. I must say to that that my proposal is quite simple; it would do away altogether with the juvenile delinquent's record, thereby giving him a chance to rehabilitate himself.

I must say there is nothing new in this proposal. As a matter of fact, in France and Belgium, there have long been legal provisions of this sort which have given excellent results and made it possible for juvenile delinquents to rehabilitate themselves and to become good citizens. In this country however, the existence of the record is an extremely serious handicap. I therefore remain convinced that, in those circumstances, my proposed legislation should be adopted in its present form.

(Text):

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

Mr. Fairfield: Mr. Speaker, before I was interrupted at five o'clock I was relating some of the effects of nuclear bombs and how the effect could be related to the accuracy, as some people have stated. As everyone knows, the effect of the nuclear bomb is related by its co-relation with the effect of one ton of high explosive. When one considers the effect of one ton of high explosive during world

war II, one can roughly gauge the effect of the megaton bomb which is the equivalent of one million tons of high explosive. I want to read to you, Mr. Speaker, and to this house an excerpt from the History of the Second World War, in the volume "Problems of Social Policy", page 329. This is what it says:

> In general terms, one ton of high explosives delivered on the built-up areas of London and other large cities destroyed or damaged beyond repair ten houses. Another twenty-five were rendered temporarily uninhabitable, and eighty were slightly damaged. On the average, therefore, one ton affected 115 houses, made eighty people temporarily homeless and caused another thirty-five to lose their homes permanently.

In that event, where then is the need for great accuracy when one considers the effect of the megaton bomb or H-bomb which is the equivalent of one million tons of high explosive? Despite the fact that the prime targets are in the United States, the effect in Canada of short rounds, as the artillery man would say, could be devastating. What then of defence? I am not going to take part in any debate on defence tonight, Mr. Speaker, or of what role our active services or active forces would take in defending us against such a barrage. Let it suffice to say that no matter what the defence, many people will suffer unless we take steps immediately to offset the old-fashioned policy of survival set in operation by the previous administration.

I should like to give to this house and to you, Mr. Speaker, some of the history of civil defence. A planning committee was first set up in Great Britain on May 15, 1924. Its terms of reference were "to inquire into the question of air raid precautions other than naval, military or air defences". Even at that time this committee recommended that while those concerned with maintaining vital services and activities could not be evacuated from important centres such as London, those whose functions were dispensable should be asked and encouraged to leave the target areas. As a result of numerous tests and consultations, the air raid precaution act or, in other words, civil defence act was passed in November, 1937. It imposed on local authorities the duty to take precautions for the protection of persons and property from injury or damage in the event of hostile attack from the air. However, Mr. Speaker, despite the impending catastrophe presaged by Hitler's annexation of Austria, the traditional spirit of local independence vis-à-vis both the central government and other local authorities persisted. It was only after the outbreak of hostilities that great numbers of volunteers came forward to serve in the civil defence. Some 320,000 of these volunteers were paid, but despite this fact there was all too often dissension among the members as to the role and routine which they were asked to perform.

The Canadian civil defence division is set up under much the same plan as that barely outlined for England. This division was set up in 1948 under the auspices of the Department of National Defence. The terms of reference were to study the requirements of civil defence and make recommendations to the minister as to preparatory and other methods that should be taken to meet a possible emergency. In August, 1950, a dominion-provincial conference was held in Ottawa to determine the division of responsibilities in connection with the building up of a civil defence organization in Canada, and these are the conditions as outlined in that conference.

First of all, the federal government's responsibility was to assess and keep under continuous review the forms and scales of attack to be anticipated in the event of war, and to initiate and guide planning of appropriate civil defence measures; to organize federal services for civil defence; to co-ordinate plans and activities of the provinces and municipalities.

The provincial government was to prepare regional plans and be responsible for preparatory and other measures within their area; to co-ordinate activities of municipalities; to organize provincial services for civil defence.

Third, the municipality's responsibility was for local planning and for organizing municipal services for civil defence; to be responsible for co-ordinating all services and for implementing all civil defence measures in the municipal area.

In February, 1951, the responsibilities relating to civil defence were transferred to the Department of National Health and Welfare. Since that time, much work has been done and many plans have been developed by federal and some provincial and municipal committees, all predicated on the assumption that sufficient warning will be provided by our radar screens.

As I have stated before all this has been changed in the few short months since October of last year. No longer can we depend on warnings of even a few hours. Our warning time has been cut tremendously. Proof is flying around in the skies today that the Russians have ICBM's capable of carrying H-bomb warheads.

The civil defence division has done admirable work under the most difficult conditions of public ennui and sometimes of complete non-participation by local and provincial authorities. A policy has been announced

by this government that a fund will be set aside for research into this problem. However, I feel it is imperative that action of a different kind be taken immediately. I cannot impress on this house too strongly that this is no longer a question of civil defence but rather one of civilian survival.

We have at the present time throughout this country a body of men and some women who can, if given the green light, immediately go into action as the optimum means of the survival of our people in the event of a nuclear attack. I speak, of course, of the militia organization in Canada. This organization built around a hard core of veterans, whose survival during the second world war speaks well of their training, I am sure is ready and willing to undertake this task. It is a complicated task, Mr. Speaker. Not only does it require a great deal of training but there is a great basic need of discipline which is too often absent to an alarming degree in groups of civilian volunteers, as was experienced in England during the formative phase of their civilian defence organization.

By granting to the militia the responsibility of this task we would have already shortened the elementary training in discipline, liaison and leadership. Even at the present time 50 per cent of their time is being taken up by civil defence training. I know that there have been protests from some quarters with respect to the militia being relegated to this role but, so far as I know these protests are few indeed. Many militia men have stated to me that they now realize the importance of this training and are prepared to go all out to train their units for duty in the event of disaster. By widespread organization of these units we could bring into the plan those areas which thus far have ignored the appeals of the civil defence division to form active units. Incidentally, the name civil defence in itself does not carry the same weight or meaning as I think it would if it were called home defence.

There have also been objections to having the militia take over civil defence on the grounds that, in the event of war, these units would be mobilized to carry on their normal roles as infantry units, artillery units and so on. In the event of a nuclear attack there will indeed be no time to mobilize units, as the war may well be won or lost in a period of four days.

The wheel has now turned a complete circle. As in the past, the local militia must now be responsible for local survival in the case of a sneak attack. I know that this would require that responsibility for civil defence would have to be assumed by the Department of National Defence but this does not indicate any lack of faith in the Department of National Health and Welfare. It would, however, guarantee to a greater degree the co-operation between both active and passive lines of defence. The active training centre for civil defence could carry on the training of militia members. Those who have already been trained in certain aspects of civil defence would be urged to enrol in the militia, thus increasing the capabilities of the organizations which are at present topheavy with officers and senior non-commissioned officers. The militia must realize that this is the role they would be asked to assume and that it is a role which would compare, if not exceed, in importance, at least in the event of nuclear war, those services performed by the active forces.

I would urge the government if such a course is adopted to see that every facility is placed at the disposal of the militia and that its importance with respect to defence should be considered second to none. I realize the expense may be considerable but it would be minor compared with that involved in active defence and would be in no wise comparable to the accruing benefits. The estimated cost of civil defence and of the militia is at the present time in the neighbourhood of $25 million, which is of course a very small part of the total national defence expenditures.

May I repeat that in my opinion passive defence in this day is perhaps even more important than active defence. Certainly from the viewpoint of survival it is of far greater importance. I do not think it would cost this country a great deal more to implement the scheme outlined but even if the costs were doubled—and I am sure the Minister of Finance (Mr. Fleming) will not thank me for this suggestion—the need for reorganization and modernization of our civil defence set-up is so great that it can no longer be ignored.

Mr. W. H. McMillan (Welland): Mr. Speaker, I would like to make a few remarks on the budget. First of all I wish to congratulate the Minister of Finance (Mr. Fleming), who has at last given us an accounting of our national affairs. His budget speech was longer than that of any previous minister of finance to whom I have listened and my first thoughts were that he would surely end the 1957-1958 budget year with a surplus. He had announced in December and also later in the last session that he would have a surplus and I have in mind the ringing words

of the minister when he was in the opposition, as recorded at page 2555 of *Hansard* for March 21, 1957:

> We wish to see a balanced budget because we believe in a balanced budget.

I felt sure then that the minister would want to complete at least one year in the black. If he had just waited a month or two longer before meddling with the budget of his predecessor he would indeed have had a surplus. Now we have a deficit. Never again do I expect to see the Minister of Finance, or for that matter the Conservative party, come so close to a surplus. You might wonder why I should say that. It is interesting for hon. members to note that only twice since confederation has any Conservative government brought in a surplus budget of as much as $1 million. This government seems to be getting right into step.

I quite agree that we should budget for a deficit if our economy requires it. We should budget for a purpose and we should certainly budget to put our unemployed back to work. However, there is so little design or purpose in this budget that the minister has slipped into a whopping deficit through default and he has been very modest in stating the amount of that deficit. In one two-hour speech the minister was able to reveal to the people of Canada that he would collect and spend all the taxes he could this year plus everything that has been saved over the last decade for a rainy day. In one swoop he has swept us back to our debt structure of 1948. I look with apprehension toward his next budget speech in eight or nine months' time.

I listened to the budget speech finding it hard to associate the words of the minister with the words he used not long ago to the effect that the Canadian people were overtaxed by $500 million, and that each family was overtaxed by $120 per year. He said furthermore that this amount of $120 could be returned to each family and we would still have a balanced budget. I could hardly believe my ears, remembering as I did that the minister had always claimed that the people should always have their own money to spend and that it was their right to have their own money to spend. Yet I heard him state in his budget speech that if it is left with the people it is neither wholly spent nor put into productive investment. The budget indicates to me that the minister will certainly see it is wholly spent.

The minister announced with some finality last fall that the rise in the cost of living had been checked, only to have it reach a new all-time height since that time. We all know that money rates depend largely upon the old law of supply and demand, but if we follow the minister's own pronouncements we are led to believe that he and he alone loosened up tight money when in fact the demand for money has fallen; even now interest rates on bonds are beginning to tighten up in anticipation of the minister's insatiable desire for new money.

The Minister of Finance was always very critical of his predecessors in office because they were not more accurate in their forecasting. With about three-quarters of the 1957-58 budgetary year already elapsed, the minister estimated a surplus of $80 million, and it turned out that he had a deficit of $39 million—a difference of about $120 million in three months. What might we expect from his prediction for a whole year? Even with the budget he brought in the other night the Minister of Finance had an advantage over his predecessors to the extent that the budget year 1958-59 was already under way. His real test will come in budget No. 2, presented we hope before the next financial year begins on April 1, 1959.

The Minister of Finance should be adept at mathematics. I suggest that if he knows anything about addition and subtraction he was misled by the Prime Minister (Mr. Diefenbaker) who last year refused to face the facts of life in connection with mathematics. The Prime Minister travelled from coast to coast telling the people of Canada they were over-taxed by $500 million, that each family was over-taxed by $120 and that the government was reaching into the pockets of each man, woman and child and taking out $30. He said at that time he would give more money for pensions—

An hon. Member: He did.

Mr. McMillan: —more money for municipalities—

An hon. Member: He did.

Mr. McMillan: —more money for the provinces—

An hon. Member: He did.

Mr. McMillan: —and that he would give more money to almost everybody else in Canada and yet have a balanced budget.

An hon. Member: He did.

Mr. McMillan: No, he did not. If we turn to a report of a press conference given by the Prime Minister in Saskatoon, as reported in the Montreal *Gazette* on May 28, we find this:

> John Diefenbaker stated today the Progressive Conservative government would carry out its declared policy, reduce unnecessary taxes and still do it on a balanced budget.

Then in a radio broadcast on September 24, 1957, he said in part:

> The Liberals tell you it is not possible to lower taxes and raise pensions at the same time. Give us a chance and we will show you.

The people gave them a chance, and the Minister of Finance put on the show. What a show it was! In the galleries here there was standing room only, but I heard some of the people muttering on the way out. I heard one taxpayer talking to himself. No wonder he talked to himself. I will say that in the financial papers, and in talking to business people and others, I have heard very little good said about this budget. I have heard the budget described in such terms as "insipid", "lousy" and "putrid" and in other terms, Mr. Speaker of profanity which might cause you to rule me out of order if I were to venture to use them here.

The Minister of Finance has many admirable personal qualities but I think it is right that I should give the house a little of the financial background of the author of this budget, because the author of the budget himself, speaking in a debate on a former budget on March 21, 1957—in fact, he was speaking of the budget of his predecessor—said:

> And in the words of holy writ, ye shall know them by their fruits.

I think we will all agree now that the fruits of this budget are green and bitter. I have met many business men and workers from my own riding—some of them are unemployed, and some of them were here today—and they certainly find the fruits green and bitter.

An hon. Member: And sour.

Mr. McMillan: The early fruits are lack of confidence, unemployment and insecurity. I hope the later fruits will not develop into something even worse. Now when a physician has a patient who has little or nothing wrong with him he gives him a placebo, a little sugar and water; but when the patient is really sick, he treats him vigorously. Our economy is sick but the Minister of Finance does not think so.

Mr. Grafftey: I rise on a point of order, Mr. Speaker. It seems to me that the hon. member is reading his speech. Would you make a ruling in this case in particular, and explain it to the house?

Mr. McMillan: Mr. Speaker, I am not reading my speech, I am referring to notes.

Mr. Deputy Speaker: Order. It is quite true that hon. members should not read their speeches, but they are permitted to refer to their notes. However, I believe that referring to notes should not become the reading of speeches. Consequently, let hon. members please refer to their notes occasionally but not all the time.

Mr. McMillan: I am not going to say that I did not refer to my notes occasionally, but I would add this: that the figures in the budget are so illogical that you have to refer to notes or you will never get anywhere.

Now, I said a while ago that our economy is sick, and that the Minister of Finance does not think it is sick because the other night he said, after all, this is a fairly mild recession. I think you will find those words in his budgetary speech. I suggest that the minister has given our economy a placebo pill when more vigorous treatment would have been desirable. I understand that if Mr. Harris' budget had been carried through until March 31 we would have had a surplus. It looks as though this government is costing the people a billion dollars in the first fiscal year, not counting the million lost to this country through unemployment. It is true that money rates have fallen since they got into power, but these lower rates were not given to the people buying homes. They were not given the advantage of these lower rates. I say that when the government's demand for money hits the market, the rates will rise.

The gross national product was $31.4 billion last year, an increase of 4 per cent over that of 1956. The minister is basing his revenue on $32 billion this year, a 2 per cent increase. I have heard and read accounts to the effect that the minister is taking too high a base. I hope that he is low and that our gross national product is more. However, from observations, and from seeing the number of people who are being added to the rolls of the unemployed, I would doubt this very much. I think this figure might well be high. I have no doubt the minister put forth the most optimistic figure he could obtain. The government will not make any confidential reports available to the members of the house, on anything. Even if we accept the $32 billion as the minister's base, he is admitting a bad year because we need an expanding economy to take up the number of new people coming in to the labour market. The increase last year was 4 per cent, but we still had a large number of unemployed.

I should like to ask the minister if he does not expect the number of unemployed will be greatly increased because we are only having a 2 per cent increase this year in the gross national product. I will admit that here I shall have to refer to notes a little bit in order to quote these figures accurately. The minister admits his budgetary expenditures for the year ending next March 31 will be $5,300 million, up $215 million, and

his income will be $4,660 million, down $387 million. He will have a budgetary deficit of $640 million. I was interested in the financial acrobatics utilized by the Minister of Finance to grab off $165 million from the defence equipment account in order to avoid showing a deficit of $800 million or more.

I understand that this money is just a set of figures in the government books. The amount is one of the non-budgetary accounts and will now be transferred to the budgetary account. The fact is that this money does not exist. By liquidating this account the minister spends $165 million in the budgetary accounts and borrows it from the Canadian people as money for capital account. This is like the merchant who made money last year, but lost money this year. In order to make up his losses this year, he goes to his profits of last year, but he is down. This $165 million has to be borrowed before we can use it. It is not there now. This is somewhat like a little game of pretence. A man might owe $100, but he has no money. He used to have a bank account, but there is nothing in it and there is nothing in his pocket. He is pressed for this $100, so he writes a cheque for the $100. Then, he rushes around and borrows $100 from some one which he puts in the bank before the cheque is presented. Certainly, he has paid, one account. but he still owes $100. However, that is Conservative financing.

The point is that the Canadian taxpayer will owe an extra $165 million which was not debt before, no matter whether you call it a budgetary or non-budgetary account. We get returns from most of these non-budgetary accounts such as those in crown corporations and the St. Lawrence seaway. This money will eventually be paid back, but the $165 million is just going to be heavy debt. There are other amounts to be included in this year's expenses, such as the final supplementary estimates and further statutory expenditures on which the minister does not show a very bright light. Then, there are the final payments to the provinces, and the minister himself said that those already made were only interim payments.

On page 1240 of *Hansard* the minister says that the house has before it the estimates and supplementary estimates amounting to $5,237 million. According to his own figures we will be paying out close to $70 million under the provisions of the Hospital Insurance and Diagnostic Services Act, plus $190 million for increased deficits in the old age security fund, plus a Canadian National deficit of at least $55 million, bringing the total expenditure to $5,552 million. It is at this point that the minister neatly subtracts $165 million from the national defence equipment account, bringing the amount down to $5,387 million, and calling it approximately $5,300 million—the $87 million does not amount to much. I maintain he had no right to do this.

If we take this $5,552 million, before this subtraction is made, we have yet to include in our expenditures for the year the increases to the civil service, the increased payments to the provinces and the further supplementary estimates. As the minister states in the budget, his estimate of income is $4,660 million. This only allows him $108 million for those three and other items, after which his deficit is $1 billion. To all intents and purposes, this is a billion dollar deficit budget, and I will not be surprised if it is well over this amount. The minister's baby budget turned out one year later to be a deficit. This baby is a billion dollar bouncing deficit. "Bouncing" is probably the wrong word because it is a dead weight.

The minister is very obscure about the figures in his non-budgetary operating accounts. For instance, he states that other non-budgetary costs and requirements, including the liquidation of the defence equipment account, will be of the order of $240 million. We know that the defence equipment account amounts to $165 million, so what of the other $75 million? Is $75 million so small an amount that the minister does not feel it is worth mentioning? What is it for? I heard the minister talk much about "What's a million?" I would like to ask him what is $75 million? What is it for?

After looking at all the figures one finds that the Minister of Finance depleted the cash account by $163 million last year, and he will be going to the people for $1,400 million of new money. This is the amount of money the government must borrow and this amount will be added to our public debt. This is equivalent to a debt of $80 for every man, woman and child in Canada. This amount is equal to a debt of $325 per family of four, and to this we must add the interest over the years.

I was interested in one of the government accounts, namely account No. 33, which shows a depletion of $131 million in the unemployment insurance account. I know this amount has nothing whatever to do with the budget, but it shows how the government has succeeded also in getting this account into an actuarial mess.

The minister always complained about the waste and extravagance of former governments. I remember him saying that we had too many civil servants, and he could have been right. But, according to the blue book, I notice—and I have added up the figures in

the blue book—that in his own department, and in his own department alone, the minister has 70 more civil servants working for him than his predecessor had last year.

Mr. Fleming (Eglinton): That is not true.

Mr. McMillan: I am not saying they are not required but I wonder how he justifies this with his previous statement as contained in *Hansard* of May 3, 1955, at page 3397.

I want to say a few words on unemployment and the effective measures this budget may contain to overcome or cure it. In the Welland area there are about 3,000—or there were 3,000—unemployed. We have had official reports today and last week of the closing of the Welland Tube mills and of the Reliance Electric, so that another 500 men will be added to that 3,000 unemployed.

We have heard of many projects but I would like to ask the government whether there is one project in the Niagara district to put men back to work? I would like the government to name one man among these 3,000 people in the whole Niagara district whom they have sent back to work, or in St. Catharines or in Niagara Falls. In that area about 11,000 or 12,000 men altogether are unemployed. I would like to know from the government whether they have sent one man back to work in that area. In fact, I would have no quarrel with this deficit financing if our men were returning to work. In fact, I would be in favour of greater deficit financing if we could only put men back to work. In respect of unemployment, this budget has accomplished nothing, since the ranks of the unemployed are still growing and this is absolutely true in our area.

Mr. Charlton: It is not true.

Mr. Batten: Of course, it is true.

Mr. McMillan: It is rather interesting to examine a table entitled "Summary of Standard Objects of Special Expenditure and Special Categories". It is contained in a separate sheet attached to the back of the estimates book this year. Without, of course, including the supplementary estimates, the table gives the proposed expenditures of each department of government under 22 "standard objects" and "special categories". This classification makes it possible to compare and to see how the expenditures change in the different departments from year to year. Under objects 1, 2, 3 and 21, which include civil salaries and wages, civil allowances, pay and allowances, defence forces and R.C.M.P. pensions, superannuation and other benefits, we find the estimates up $108 million. This increase seems general to all departments. Item No. 4, professional and special services is up $10.2 million, but items 5 and 12 show an over-all decrease because of the reduction of expenditures in national defence; but the totals of all these items for the other departments have increased.

When we come to item 13, under the heading "Building and works, including construction and acquisition", it is here that we find all works of a capital nature to be paid out of the budgetary estimates. These latter estimates are increased from only $358.7 million last year to $380.3 million this year, an increase of $21.6 million. This seems a small increase, particularly this year, having in mind the Prime Minister's promised works program of $1,185 million for unemployment. Included in this amount—that is the increase of $21.6 million—is an increase of $8.1 million for Northern Affairs and National Resources, which is hardly in keeping with a great northern vision.

The minister lays considerable stress on the increased payments under the welfare measures initiated by the former government. Desirable as these payments are—and I agree with them—they are not productive of wealth. We must get our unemployed back to work and get them producing. They would prefer work to unemployment insurance benefits that are now running out.

This government seems to have an idea that it can spend the country out of a recession. This cannot be done without providing work for our people. This government seems to have the mental complex of a man who came to my office some time ago. He had an issue of the Toronto *Globe and Mail* in his pocket which carried an article on the amount of liquor that had been sold in Ontario in the previous year. It went on to tell how much had accrued to the coffers of the Ontario government through the sale of this liquor. I know the sum was considerable; I have forgotten the exact amount. This man made rather a peculiar observation. He said, "I believe we will drink ourselves out of debt yet". This is much the same type of reasoning this government uses in thinking it can spend the country out of this recession when so many of our people are unemployed and not engaged in productive industry. I feel sorry for these people. They have commitments to meet; they have payments to meet. They want to own and live in comfortable homes and Canada owes them more than just a mere living. They have hopes and aspirations as the rest of us have, and they should work and be able to have a standard of living commensurate with that of their fellow Canadians.

Let the government get back to the idea of expanding trade instead of diverting it. When the buying commission went to Britain we had much unemployment in this country while employment was fairly good in Britain.

The first order was a good-will order by the Ontario hydro consisting of some millions of dollars for the purchase of generator equipment. I was told in the house that generators were being ordered by the Ontario hydro which had never been made in Canada in that particular size; they were very large. I found out afterwards this was true but I also found out that they had never before been made in England.

I know of one industry at least in the Niagara district which was figuring on supplying some component parts of these generators. If that order had been placed in Canada there would certainly not be so many electrical workers unemployed in the Toronto, Hamilton, Niagara and Peterborough districts.

During the election campaign the Minister of Trade and Commerce (Mr. Churchill) was in Port Colborne and at that time he said that the government was going to divert more trade. Up to that time they had diverted quite a lot of trade, and I think the people of my constituency elected me because they did not want to see a lot more trade diverted. I am afraid that our government in its zeal to divert trade has taken jobs from Canadians in that British manufactured goods are coming into Canada more and more to compete with the output of our own industries.

Following the start of the trans-Canada pipe line the Welland Tubes plant was built at a cost of many millions of dollars to make large diameter pipe for trans-Canada and other companies. I would hope that the government would insist on all-Canadian pipe since the government is guaranteeing part of the cost of the trans-Canada line through northern Ontario.

Some of the unemployed in my area voted for the government because the Prime Minister and the Minister of Labour (Mr. Starr) said that unemployment would be cleared up by summer. Summer has arrived and this coming week we will have 500 more unemployed in Welland. I appeal to the government to help the unemployed get back to work. I agree with Premier Bennett of British Columbia who is reported as having said in the legislature on March 7 that it is time for the federal government to quit playing politics and to get down to the business of government.

Surely time is running out when the government can continue to blame unemployment on the former government. Never in the history of a Liberal government have we ever had so many unemployed in any corresponding month as we have had this year under the present government. Surely it is time to give more thought to a budget than just to raise the cost of government in each department without doing something at the same time to provide work for the unemployed. I should like to see the Minister of Finance use his own imagination in drawing up a budget rather than to follow the dictates of the Prime Minister. It seems to me that he is enough of a financial wizard to do some adding and subtracting and not present us with such a deficit.

I regret that there is nothing new in the budget for higher education. I thought the Secretary of State for External Affairs (Mr. Smith) was probably giving a lead to the Conservative government when he promised students in Vancouver that there would be more money for higher education. I admire the minister's ability as an educator and I agree with his statement as reported in the press that we as a free western nation should make a concerted effort to help technological education. The Minister of Finance is just making a pretence of helping higher education by granting corporations a ten per cent exemption for educational donations instead of five per cent of their net profits. Contributions thus far have only been a fraction of the five per cent. How does the minister expect to get more by raising the exemption to ten per cent?

Mr. Deputy Speaker: Order. It is with regret that I interrupt the hon. member but I must inform him that his time has expired.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, this is the first time I can remember that all the clocks in the chamber have stopped at the same time. I do not suggest any particular reason why it has happened but it may be that it is creating additional difficulty in the timing of speeches. This is the first major debate for some time in which I have taken part. I want to extend congratulations to the new members who have spoken so nobly. With the great talents that many of them have, it is easy to see why the rest of us are beginning to fade away.

But I have also risen to take part in the debate because in recent years it has become traditional for maritime members to put on record some of the economic facts of life of the maritimes during the budget address. The other evening the hon. member for Bonavista-Twillingate (Mr. Pickersgill) went back into history to 1911 and 1930 for comparisons with the present budget and our economic situation. I went back a little bit farther, Mr. Speaker, to 1867. This came to my mind when I was reviewing the history of a distinguished gentleman who many years ago represented the constituency I now represent and who in the first parliament was

minister of customs and in the second parliament minister of finance. One could not help but note the comparison of economic conditions at that time and those that exist today although I admit there are similarities in the case of the other two years I have just mentioned. One thinks that at that time there was the national policy of Sir John A. Macdonald and today we have the new nation-building, national development policy of the present Conservative government. At that time there was a railway to be built to the west. Today it is roads to the north. There is a similarity also in that at that time and also today young men and a new government were involved. There was an expanding economy and there was need for reasonable protection.

We all realize the dangers of tariffs. They are something like the sailor's tattoo. They are easy to put on but hard to get off. But I think it is within traditional Conservative policy to have some reasonable protection. Of course, the question may be asked: What were the Liberals doing during this post-confederation period and what are they doing today? There was not much evidence of activity at that time just as there has not been any evidence of constructive criticism so far in the budget debate. However, after looking for some hours I found a reference in the Montreal *Gazette* from the almanac of 1891 in the form of a very interesting poem which has some application here. It is in these words:

See the faces of the Grits,
Grizzly Grits,
What a woebegon expression at present o'er them flits.
They are thinking, thinking deeply
How to run this country cheaply
And they wonder
How in thunder
It is going to be done.
But the people—they who vote—of their twaddle take no note,
For they know the dismal, dreary, direful dole Of the Grits
Of the moribund, morose and melancholy Grits, Grits, Grits, Grits,
The greedy, grubby, garrulous old Grits.

I do not suggest that times have not changed a bit.

Mr. Pickersgill: They changed at bit after 1891 too.

Mr. Bell (Saint John-Albert): But there is some comparison if one wants to search for it in the fact that we have here a very courageous budget that meets the circumstances of the country, and I congratulate the Minister of Finance (Mr. Fleming) on bringing it forward.

Mr. Denis: He might have been shot. That is why it is courageous.

[Mr. Bell (Saint John-Albert).]

Mr. Bell (Saint John-Albert): The hon. member for St. Denis (Mr. Denis) has become extremely vociferous in these past few days. We shall be pleased to hear his long awaited contribution to this debate.

Mr. Denis: Thank you very much.

Mr. Bell (Saint John-Albert): To get back to recent history I want to mention matters which concern me this evening. I should like to refer optimistically—if I dare to do so in face of the opposition, the gloomsters of today—to the maritime provinces. We have recently taken on a new look of which we are extremely proud. It centres around the symbol of the APEC organization which is a body made of the four Atlantic provinces. We have opened at London for the first time in many years an office for an agent general who will be making trade contacts with the United Kingdom and Europe in an effort to increase and expand the trade of our Atlantic provinces with those countries. Recently a very distinguished banquet was held in London which did honour to this fact, and we are looking forward to the future when once again the maritime provinces will be able to get into their traditional markets, the markets that were lost to us during the 22 years in office of the dead Liberal administration.

Some hon. Members: Oh, oh.

Mr. Robichaud: You are dreaming.

Mr. Pickersgill: Which markets are those?

Mr. Bell (Saint John-Albert): We are also proud of the fact that we in the maritime provinces are realizing that we ourselves must supply more of the goods that we need. Through APEC we sponsored an organizational meeting in Moncton which resulted in a food show. In that way we hope we shall be able to promote the growth of agricultural and other necessary primary products for our own economy. It is a sorry sight when we must import 78 per cent of the food that we use into that region. This is another example of the unified effort of which we are so optimistic and proud.

I think also of a fine magazine which is now in publication and which is going out to the entire North American continent. It has its origin in Fredericton. It is called the "Atlantic Advocate". It deals not only with the interesting history and traditions of the maritime people but it also attempts to promote their interests and their future. We look forward optimistically also to the West Indies federation. We hope that this new branch of the commonwealth will enable us to increase our trade to traditional markets there.

Mr. Regier: But you give our farmers only 80 per cent of what they had been getting.

Mr. Bell (Saint John-Albert): I think the hon. member misunderstood me. I simply said we are attempting to grow our own agricultural needs within the region because we have been obliged to import 78 per cent of them from other parts of Canada to the Atlantic provinces.

But, Mr. Speaker, I refer optimistically also, if I may be permitted to do so this evening, to Saint John and the area that I represent. It is fitting that I should mention that famous old city today because this is the anniversary of the discoveries of Champlain in North America. In fact, four years before Champlain arrived in the St. Lawrence, we had the discovery of the Saint John river by Champlain, and of course named after St. John the Baptist, on June 24, 1604. We have development in the area that I mention of over $120 million coming up in the next year or two. We have an oil refinery, a thermal plant, a new cement plant, a new pulp mill addition and we are optimistically taking part in all of the endeavours of the provincial government and the federal government in that region. I think also of the new federal works projects that are being built there, particularly the new customs building which will mean new revenues to the coffers of the federal government.

Mr. Robichaud: Who started that building?

Mr. Bell (Saint John-Albert): —and which also will preserve the separate identity of the customs department within our framework of government. I understand that there has been a trend within the government to include this honoured branch of government in other federal buildings; but in Saint John there is being built a separate customs building which is carrying on the tradition of the ways and means of this parliament to maintain sources of revenue for the federal treasury.

In that regard I think anybody from the maritime provinces can be optimistic about their future in the development of this country. The other night the hon. member for Gloucester (Mr. Robichaud) mentioned certain matters affecting the province of New Brunswick which were well taken in many cases, but I think the speech was more noteworthy for the fact that the one important matter was left out. Everyone knows that the two historic disabilities of the Atlantic provinces have been power and transportation. On checking his speech in *Hansard* I find not a word about power.

Mr. Robichaud: There will be another opportunity.

Mr. Bell (Saint John-Albert): I will tell you why the hon. member did not mention the word "power". It was because he was a member of a government which lasted 22 years, for some strange reason,—

Mr. Pickersgill: Because the people voted for them.

Mr. Bell (Saint John-Albert): —but which did absolutely nothing to correct one of the major historic disabilities of the maritime provinces.

Mr. Robichaud: You will hear about power sooner than you expect.

Mr. Bell (Saint John-Albert): It is fitting that on June 28, this Saturday, we shall be honouring the completion of the Beechwood project in New Brunswick. Hon. members who are new to this house may not be as familiar with the word "Beechwood" as are some of us who have been here for the past few years. Briefly, the history is that we in New Brunswick realized that in order to take our place in the economic sun of this great nation it was necessary for us to have cheap power. Our, premier, Hugh John Flemming, in the days of the old Liberal administration, made many trips to Ottawa and was always met with the cold shoulder. His efforts to obtain some sort of financial assistance did not meet with success. In spite of a few weak-kneed promises before the election of 1957, financial assistance did not come about until the new Conservative administration took over. I am here this evening to pay testimony not only to Premier Flemming but to the new Conservative government. They made power possible in New Brunswick. The Minister of Finance also had a very important part to play in that matter.

An hon. Member: Turn over to the next page.

Mr. Bell (Saint John-Albert): I have two pages of notes. If the hon. member wants to come over, he can see them. He can even take them with him and use them in his own speech.

I have mentioned the two disabilities. One is power. Nothing was done about it by the old administration. On completion date this Saturday we feel that we have sufficient power at least to be able to offer new industry some attraction in locating in New Brunswick.

Mr. Robichaud: No industry.

Mr. Bell (Saint John-Albert): I have just mentioned the new industry which has located in my own city of Saint John. I can go all through it again if the hon. member wishes

or, if he would like to visit Saint John I would be very glad to show him around.

Mr. Robichaud: How many unemployed are there in Saint John. You do not wish to answer that question.

Mr. Bell (Saint John-Albert): If the hon. member had looked at the figures for these two days from the dominion bureau of statistics—

Mr. Robichaud: 56,000.

An hon. Member: Oh, you are a "gloom and doomer".

Mr. Bell (Saint John-Albert): —he would have seen that the figures for Saint John are very encouraging and are only slightly higher than the figures for last year but they compare very favourably with the dominion average.

Mr. Robichaud: 56,000.

An hon. Member: Not as many as you would like.

Mr. Bell (Saint John-Albert): There are 56,000 unemployed in the Atlantic Provinces. I know it is a little disheartening for the Liberal party not to be able to have these high figures about which to make their gloomy speeches.

However, I would like to turn to the second disability suffered by the Atlantic provinces ever since confederation. I hope to make some constructive suggestions which might be considered in order to improve the future for the area.

Secondly, there is the problem of transportation. We had a meeting of the maritimes transportation commission in Saint John about two weeks ago and the officials of the commission said in their report that matters showed some improvement but that we need continuing vigilance due to the changing state of the transportation system, not only in the Atlantic provinces but in the whole of Canada. Transportation everywhere in this country is in a state of flux; it is in a state of transformation and in the Atlantic area particularly we have to watch every movement of transportation.

First of all with respect to road transportation I do hope that the government in their roads program will be able to find some formula to enable improvements to be carried out in the Atlantic provinces. It may be that a method can be found to make these improvements by means of tourist access roads or it may be that roads for the development of our resources can be combined with roads for the tourist industry. The tourist industry is, of course, extremely important and I can think in my own constituency of a very definite need for a road along the coast at the bay of Fundy. We have no trail such as the Cabot trail in Nova Scotia or the Gaspe trail in Quebec. There is certainly room for a lovely Fundy trail to enable us to build up the tourist industry which means so much to us in terms of dollars. Such an undertaking is a tremendous one for a provincial government but perhaps a formula could be worked out jointly between the federal or provincial authorities. Similarly the resource development programs could be assisted by the means of new roads helping to balance out the economy of our country.

Secondly, with respect to water transportation we have been watching the movements of the St. Lawrence area, not only so far as tolls are concerned but also with respect to continued efforts to keep the seaway open further down the St. Lawrence each year. We feel that we may have to give our trade and export business during the winter months a new look. This St. Lawrence seaway program appears to be a very prosperous undertaking and perhaps it will be possible to include the development of the Chignecto canal in conjunction with the seaway, thereby further balancing out our problems as the seaway expands and as the economy of this country is concentrated further inland and our transportation disparities increase.

Thirdly, there is the matter of air transportation. In the maritimes we have a climate which creates more problems than that in many sections of this country and therefore our air transportation undoubtedly takes on a new importance. It may be that more competition is necessary with respect to air transportation in our area, even though revenues would not at first glance be so great.

Fourthly, and perhaps most important is the problem of rail transportation which is still very serious in our area. A nation as great as ours must, of course, always face great difficulties in this respect. In 1926 we received the benefit of the Maritime Freight Rates Act. These benefits have, of course, assisted us to some extent but the horizontal increases since this time have tended to cut down that assistance and today the agreed charges which at the time seemed fair have, in fact, worked out against our interest because our manufacturers are not large enough and cannot take sufficient advantage of them. I think we have only about 30 agreed charges out of the 400 which are in effect.

I have attempted to point out the disabilities under which we are living with respect to power and transportation. While we feel that a good start has been made with respect to the problem of power, our problems with respect to transportation still have

a long way to go. The hon. member for Gloucester made the suggestion the other day that perhaps an agency should be set up as a continuing body to look after our transportation problems. While I am not sure that in these changing days a continuing agency is necessary I do feel his suggestion has a lot of merit. We must watch the movements which are taking place in a modern world, but we have an optimistic approach to the future and look forward to taking our proper place in the economy of Canada.

Someone has said, very unkindly, that as far as the maritimes are concerned, the smart fellows moved out west, and the smarter they were the quicker they moved. We who have stayed in the maritimes, however, believe that the smart guys left because they could not stand the competition. As far as we are concerned it is a fine budget and we in the maritimes look forward to a continuing development under the new administration.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, my first words will naturally be directed to the hon. Minister of Finance (Mr. Fleming) with regard to his truly remarkable performance in this house on June 17 last. Now, that evening the minister revealed some hidden talent he had not displayed before and I refer to his considerable ability as a magician. The minister must surely have gone through several rehearsals before he delivered this masterpiece in the house. As it contained little substance in the way of tax deductions for the working people, we understand perfectly why he chose to unfold much emphatic eloquence to make up for this lack of substance. As far as eloquence was concerned, and solely from that angle, I associate myself with the hon. members of the government in congratulating the minister.

Mr. Speaker, I do not propose to go into the details of what the minister told us in lieu of a budget speech. I was struck by several points of which no mention at all was made in the speech of the minister, but there is one, more particularly, with which I would like to deal during the few minutes I have at my disposal.

I must say to you in all sincerity, Mr. Speaker, that, along with the great majority of my electors and of the people of this country, I was shocked by the anti-family nature of the budget. Even though Conservative candidates during the last elections in the province of Quebec had a great deal to say about a future increase in family allowances, there is absolutely no mention made of such an increase in the so-called budget which was so eloquently brought down by the Minister of Finance. That is the matter with which I would like to deal for a few minutes, but I do feel I must say to you, Mr. Speaker, that I do so in all humility, being neither an economist nor an expert in social legislation. If I raise the subject, it is only to urge improvement of a social security measure which lies very close to my heart and to the heart of thousands of our fellow citizens.

There are several ways of increasing the purchasing power we all lack at the present time. One of the most efficient ways would certainly have been to reduce income tax collected from wage earners.

But in his masterpiece the minister totally ignored that proposition. However, along with many other people, I was expecting him to do so in some other way. An increase in family allowances would have been a very efficient way of increasing that purchasing power, but the minister ignored that also.

If he deliberately chooses to ignore the possibility of increasing family allowances, it is perhaps because he was not particularly interested in helping large families in this country whose breadwinner happens to be out of work. As I mentioned a moment ago, many fathers at this time are quite incapable of providing their wife and children with the bare necessities of life. This is a most unfortunate situation, one which should not exist in a country as rich as ours.

When I think that, in the last election campaign, the government gave the Canadian people the impression that a new era of prosperity was about to be launched throughout the country, I have no hesitation in saying that it was seriously remiss in its duty toward the Canadians in failing to cut income tax and in wilfully ignoring the numerous requests for family allowances increases.

It is certainly not because the need is not there, since family allowances were instituted in 1944, under a Liberal regime.

The text of the act may be found in chapter 40 of the Revised Statutes of Canada.

As everyone knows, that act provided for the payment of allowances for each child, as follows:

From birth to age 6, it provided for $5 a month; from 6 to 10, $6 a month; from 10 to 13, $7 a month; and from 13 to 16, $8 a month.

That legislation also provided a decreasing rate of $1, $2 and $3 for the 5th, 6th, 7th and other children.

In 1949, the Liberal government, following numerous representations, found that this decreasing rate was detrimental to large families and decided to remove that decreasing feature from the act.

This had the happy effect of placing all children on the same basis.

I must say that the former Liberal administration deserves credit for having understood that large families are the thermometer of the living force of a nation.

The former government also understood that large families contribute to the increase in the population of our country, and that they deserve special attention on the part of its government.

In a word, it had understood that the financial budget of large families is much more difficult to balance than the budget of bachelors or married people without children.

That is why I do not hesitate to say that the 1944 Family Allowances Act can rightly be considered a measure of distributive justice, a family policy which to a large extent helped improve economic conditions for the Canadian family by providing it with a fairer share of the natural wealth of our country.

Like many others, I am convinced that the Family Allowances Act, specially in periods of economic recession to which we have grown accustomed under Conservative governments, should be flexible enough to provide for new and urgent needs of families, and so become very effective in offsetting fluctuations in the cost of living.

If the government had been bent on fulfilling its promises and its duty to the Canadian family, it would have made it its duty to consider this human and distressing problem and to find a happy solution that would have allowed large families to enjoy the necessities of life under a Conservative regime which, if things continue this way, will end up by being synonymous with a famine regime.

When family allowances came into effect on July 1, 1945, the cost of living index was much lower than it is now.

Barring the improvement of the decreasing rate of allowances in 1949 and the increase of approximately 16 per cent in 1957, we may conclude that the rate of family allowances, in 1958, does not take into account the substantial and gradual rise in the cost of living.

When the family allowances act was passed, there were many heads of families in cities as well as in rural districts who earned hardly enough to support their family.

It can be safely stated today that the continuing rise in the cost of living is even more considerable than has been the rise in salaries since 1945. That explains why, even nowadays, many large families have not enough income to merely exist, while others are almost reduced to poverty.

In my opinion, a situation like this is shameful in a country as rich as Canada.

The present rates of family allowances, in spite of the considerable benefits they brought to large families, are now inadequate and do not meet the needs of large families in 1958. They do not even help families enjoy a decent standard of living, and that, in my opinion, constitutes a social justice problem in respect of which no enlightened society can remain indifferent.

To illustrate this statement I shall say that the mothers in our country know very well, from their own daily distressing experience that the family allowance for a child under six years of age does not even pay the daily quart of milk recommended by doctors as a minimum in order to ensure a child's normal development.

When looking up the figures of the federal bureau of statistics, it can easily be seen that the cost of living index in 1945, with regard to food, was 66.3 per cent, whereas today the F.B.S. informs us that it has gone up to 122.7 per cent.

The rent item, which was 91.4 per cent in 1945, has now reached 137.9 per cent. The same applies to clothing, the cost of which amounted to 66.9 per cent in 1945, and reached 110 per cent in 1958; in 1945, the cost of upkeep of the home was 74.9 per cent and reached 120.7 per cent in 1958; the cost of services, which represented 74.9 per cent in 1945, now represents 130.9 per cent in 1958.

I do not mention the ever-increasing school costs, as well as the cost of a great number of other living facilities.

In the light of those facts, one surely does not have to be an expert nor an economist to come to the positive conclusion that in 1958 family allowances no longer have the same purchasing power as in 1945 when they were initiated by a Liberal government.

If the Tory government had really been realistic in dealing with the economic recession it has brought on, it would certainly have had an excellent opportunity to remedy this painful situation by pegging family allowances to the cost of living.

It certainly appears that the Minister of Finance deliberately chose to ignore this important question in what we are agreed to call, in parliamentary terms, his budget. He has demonstrated the sympathy he feels for the sufferings of the Canadian family in 1958, the first anniversary of the coming into power in Ottawa of a Conservative government.

To sum up my feelings on this whole matter, I have no hesitation in saying that this 1958 budget is a true Tory budget, one directed against the family and ignoring the great number of needs of the Canadian family.

On the whole, I must admit that I am not particularly surprised by this attitude of the Conservative government with regard to family allowances. This attitude is but a continuation and a confirmation of the words spoken by certain of its leaders and members on this subject.

No further proof is needed than the statement made in the House of Commons, on July 25, 1944, by Mr. Gordon Graydon, leader of the Tory opposition of that time. In fact, as shown on page 5,342 of volume V of the 1944 session, Mr. Graydon had these sympathetic words to say about the Family Allowances Act:

> It seriously endangers the setting up of minimum wage standards in Canada, and may be accepted in many instances as a substitute for better wage levels. It is a thrust at the power of collective bargaining and of minimum wage principles. Labour has always looked with a doubtful eye on such legislation as this bill envisages and not without good reason.

That is how ridiculous one can get when opposing without any valid reason an act designed to improve the standard of living of small wage earners.

A little farther down, on the same page, this same Tory leader, a great friend of the family, said this:

> It adds a further strain on our national unity. There is but one province which has maintained the high birth rate and large families which were so characteristic of Canada's pioneer strains. The provinces contributions to the general revenue will be out of proportion to the heavier deflection of payments that will have to come from other provinces to pay that province's heavier share of these subsidies.

This same Mr. Graydon was certainly not struck by the same long term vision of our Prime Minister because, 13 years later, statistical data proved that, in the last fiscal year, the province of Ontario received $136.8 million in family allowances, while the province of Quebec received $136.1 million.

We therefore have good reason to hope that, in the face of such a situation, the Prime Minister will no longer have any scruples about increasing family allowances, which at the same time would allow him to pay part of his election debt to Mr. Frost and to prove to the province of Quebec that, in the last election campaign, Conservative candidates were not misleading voters when loudly promising such increases. Even after the elections, at that time when a certain Mr. Mercier pointed out to him that the enthusiasm of the Minister of National Health and Welfare seemed somewhat lessened with regard to an increase in family allowances, the valiant member for Chicoutimi (Mr. Brassard) stated with quasi ministerial firmness:

> I have not yet met anybody from the Ottawa government. In any case, if they do not want to go ahead and do something, we will tell them a thing or two.

According to the same Mr. Mercier, the same hon. gentleman stated, before as well as after the elections, that the family allowance should be $18 per child and paid up to age 18 if the child carries on his studies until that time.

Now, as far as I know, the hon. member for Chicoutimi is a not a Liberal member.

As for the hon. member for Lake St. John (Mr. Parizeau) he was no less energetic. He appears to have stated, following the elections:

> We have had a meeting of all Conservative members from Quebec, and we have all agreed to stand as one for family allowances. We are with you. You may count on me. We will not let Ottawa back out on this matter.

The hon. member for Stanstead (Mr. Letourneau) has not been less generous; he is reported to have said that we would indeed have that increase in family allowances. And, here again yesterday—and I wish to congratulate him for it—he put forward his request.

And, on top of it all, the Minister of Mines and Technical Surveys (Mr. Comtois) is reported to have said—again to that same Mr. Mercier—that he would use his influence to obtain that increase during this very session.

Mr. Comtois: On a point of order, Mr. Speaker. I do not know that Mr. Mercier and I have never met him.

Mr. Racine: I should like to point out to the hon. minister that I have here the press report in question and that I shall be pleased to table it.

Mr. Comtois: I does not mean it is true.

Mr. Racine: In any event—

Mr. Comtois: What paper?

Mr. Racine: In any event, it does not seem that the hon. minister has made a great deal of use of what he calls his influence with the Minister of Finance.

However we do find some consolation in the fact that latter day Conservative members do not seem to be opposed, in principle, to family allowances.

When, for instance, their attitude is compared with that of the former member for Parkdale, Mr. H. A. Bruce, in this house, the least than can be said is that they themselves credit the Liberal party with doing a genuine service to Canadians in introducing this legislation.

Some hon. Members: Hear, hear.

Mr. Racine: On July 25, 1944, as can be seen on page 5363, volume five of the official record for that year, Mr. Bruce stated when discussing family allowances with regard to the province of Quebec:

> That province, because of its large families will derive the greatest benefit from this measure, at the expense of the other provinces, particularly Ontario, which pays one half of the taxes in Canada.

Fortunately, the feelings of the hon. member for St. John's East (Mr. McGrath), with reference to the same paper and the same interviewer, bring a much more encouraging answer than the statements of Mr. Bruce. The hon. member for St. John's East, here in Ottawa, after the elections, is said to have stated to that same Mr. Mercier that he was in favour of pegging family allowances to the cost of living. He is even reported as adding that he could not imagine any member of the house being opposed to this.

From what I have just said, it is obvious that an increase in family allowances is imperative at this very session.

The Minister of Finance will perhaps say that it is too late, now that he has introduced his budget. After reading the official report of last year's debates, I will reply that he seems to forget that at one time he was a champion of budgeting by resolutions. There would therefore be no objection to taking advantage of that practice to announce an increase in family allowances.

[Mr. Comtois.]

I have been in my constituency recently, and most of the electors I have met have asked me to take advantage of every opportunity to ask that allowances be raised this year.

I sincerely hope that the Minister of Finance, inspired by the good intentions of the Minister of Mines and Technical Surveys and of the Minister of National Health and Welfare, without forgetting the promises of Conservative candidates in the province of Quebec, will soon grant the wishes of all Canadian families in that connection and will agree to raise family allowances in proportion with the cost of living index and will extend them up to the age of 18 as was advocated by the Liberal party. I hope that thus a greater number of our families will be in a position to live not in wealth but in decency.

(Text):

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, my constituency comprises the counties of Inverness and Richmond and one-third of Cape Breton county on the island of Cape Breton in Nova Scotia. It includes about 275 miles of coastline and encompasses almost two-thirds of the island. My constituents earn their livelihood chiefly as fishermen, farmers and lumbermen. Like a great many Atlantic coast people, their incomes are far from close to the Canadian average.

At the same time my constituency has great natural resources. In the county of Inverness there are great coal reserves for the most part lying idle. There are also substantial deposits of gypsum, so far undeveloped, which we hope will be opened up before too long, large amounts of fertile agricultural land and extensive untapped timber reserves. We have many fine harbours among them the great natural all-winter ports of Louisburg and Port Hawkesbury. Our greatest resource is the sea. We are very close to the best deepsea fishing grounds in the world and in fact the only industrial employment in my constituency is that provided by fish processing and packaging plants at Louisburg, at Petit de Grat and at Cheticamp.

My constituents do not enjoy the standard of living and security of employment I would like them to have. It is a rather sad commentary that they do not, when such rich resources are available to them that could be developed.

Parts of my constituency have memories of the earliest days of white settlement in Canada. For example, as hon. members all

know, the fortress town of Louisburg was founded as early as 1713. It was built by France to guard the entrance to the St. Lawrence and was at one time the gate to this nation. In its day it was one of the finest fortresses in the world and its high walls were regarded as unconquerable.

This year marks the two hundredth anniversary of the siege of Louisburg in 1758. Extensive bi-centennial celebrations have been planned, and I wish to extend an invitation to all hon. members to visit one of Canada's most important historical monuments. It would be well worth the time of any person interested in the history and memories of this nation to visit Louisburg during the bi-centennial celebration this summer. There is perhaps no place else on the continent where there is such an opportunity to examine the structure of a great eighteenth century fortress and the tools and implements of the wars that marked the turbulent birth of Canada. The anniversary ceremonies are scheduled for July 26, 27 and 28, at Louisburg Old town. Again, on behalf of the mayor and the bi-centennial committee, I invite you all to join in one of Canada's most important birthdays and to be our guests at fortress Louisburg.

The Atlantic provinces are among the oldest in Canada. It is tragic to consider how little we have developed across 250 years or more. As hon. members know well, the Atlantic provinces have fared the worst of any region of Canada in the 91 years since confederation. While other regions have seen great growth in population and wealth, we of the east coast have fallen steadily behind the national development level. I do not wish to cite statistics of agricultural, manufacturing and trade decline to prove the existence of a situation already well-known to all of Canada. The royal commission on Canada's economic prospects cites our position clearly.

The per capita income of the maritimes and Newfoundland is 37 per cent below that of the other six provinces. A large percentage of our people eke out a precarious livelihood as subsistence farmers, combined with part-time fishing and logging. Great numbers of our children must leave home as they reach maturity to find work in other parts of this continent. A larger percentage of our population consists of children and older people than in any other region of Canada. Across the last 30 years over a quarter of a million maritimers have had to leave home to seek a livelihood elsewhere.

As I have said, Canada has long been aware of the problem of the maritimes. I am sure it is no stranger to this house. But no realistic attempt has ever been made to correct the situation. Perhaps one of the greatest defaults of the Liberal administration was its failure to face and try to meet the difficulties of the Atlantic region. These difficulties have grown worse year by year. I do not say that no contribution has been made to the Atlantic area during that time. It is true that we have had some essential public works allotments, limited freight rates assistance and such grants in aid from time to time as would allow our provincial governments to survive and to provide a minimum of social welfare, education, and so on. As a matter of fact, if it were not for these special considerations our average income in the Atlantic region would indeed be very much less than even the present poor level.

We have had such help as would carry us from crisis to crisis. When our impoverishment reached the ultra-serious stage we were thrown sufficient crumbs to support us for another few years. But the great default of the Liberal party to the maritimes was that there never was at any time in all those years the slightest suggestion of a positive program to give the Atlantic provinces a new start to aid us in developing a self-supporting economy. The approach was always negative, a little charity from time to time to keep the poor relatives of the east coast from the final pangs of starvation.

One of the best illustrations of this negative, nothing can be done policy of the previous administration is to be found in the report of the royal commission on Canada's economic prospects. The Gordon commission catalogues Atlantic problems in cold, frank statistics. It recites the problem with clarity and just as clearly declines to suggest a solution. Of what use is it to have discovered our troubles if they would not try to recommend a cure?

The Gordon commission closely adhered to the negative philosophy of the government which sponsored it. It apparently had not the courage to question that philosophy and make the recommendations for rebuilding our provinces that should have been obvious to anyone. Instead of facing the problem, the commission finessed it. It hid behind the falsity that seems to have inspired thinking in regard to the east coast provinces since confederation, namely that we are poor because we lack natural resources and there is nothing that can be done about it; that we are doomed to marginal farming, fishing and logging and nothing can be done about it. Out of this thinking comes the suggestion

that if coal miners are displaced due to lost markets, more federal grants in aid should be provided to move them to greener economic pastures.

Nothing could be more wrong than to presume that the Atlantic provinces lack natural resources. It is true that we do not have the oil pools of Alberta or the timber or minerals of British Columbia or the farm lands of the prairies. But we do have rich resources, indeed, the same type of resources that made Britain the foremost commercial nation of the world for a century and a half.

We have great resources of coal and iron ore, enough perhaps to supply this continent with steel. We have great timber resources and one of the fastest rates of coniferous timber growth in the world. We have great resources of gypsum and minerals of all kinds. Above all, we have tidewater at our feet and some of the finest harbours in the world. If we are poor, we are poor in the midst of plenty. Suggestions that we are bankrupt in resources were the excuses of the previous administration for its neglect to afford an opportunity for development of our Atlantic provinces.

What is the basic problem of the Atlantic provinces? The Gordon commission cites it. Atlantic business investment per capita is only one-half the Canadian average. For example, as the table on page 406 of the report shows, in the years 1954 to 1956 investment per capita in manufacturing was only 35 per cent of the Canadian average. By comparison, the per capita investment in Ontario in the same period was 137 per cent of the Canadian average and in British Columbia it was 154 per cent. In other words, our problem is that we do not have sufficient industrial production to maintain and support our population. We do not produce enough goods to enable us to earn proper and sufficient incomes.

In my province of Nova Scotia we have only two major manufacturing industries, the mill of Dominion Iron and Steel Company Limited at Sydney and Mersey Pulp and Paper Company's pulp mill at Liverpool. Aside from these we must live on our marginal fishing and farming, a few small factories and on our precarious coal industry. We have not seen the start of a new major industry in Nova Scotia since 1925. The only possible road to the rescue of the Atlantic region is in the development of manufacturing and processing industries. Only the establishment of industry can provide us with a stable self-supporting economy and provide us with the chance to find employment for our people.

We in the Atlantic area, are grateful for the special grants of 1957 amounting to $25 million. Our provincial governments are using this money to meet the interest on our substantial indebtedness, to build schools for our children that we would otherwise have to do without, and to improve our highway systems, welfare benefits, and so on. We are grateful for the thermal power program and the coal subventions that we hope will save our Nova Scotian coal industry upon which 130,000 of our people depend for a living.

But grants in aid, public works projects and subventions can never provide the solution to the economic ills of our provinces. Such measures are stopgaps. They do meet our most urgent social needs and unemployment distress. They do not meet our basic problem. The present position of our coal industry shows what a failure a policy of grants in aid alone has been across the years. Our great need is productive development. If our resources were harnessed and our industry given a fair chance to compete in this nation, we would not require special grants in aid and ever higher special subventions. A parent educates his child to earn his livelihood or capitalizes him in an income producing business to support him in life. He does not plan to feed him through life with minimum living allowances. What we need is an ability to produce and earn, an opportunity to industrialize. We need income producing investment in manufacturing and processing industries.

The Atlantic provinces are making a valiant effort to develop industry. The government of Nova Scotia has established Industrial Estates Limited to interest investors in business opportunities in the province. Long term credit is offered by all governments to prospective new industry and every possible incentive to attract investment is being provided. Nova Scotia is now negotiating the establishment of a pulp mill at the strait of Canso which would be a third major industry in the province. Since confederation Newfoundland has invested about $30 million of public funds in several manufacturing and processing projects. We are making every attempt to help ourselves out of the economic cellar, and the thermal power program to provide subsidized cheap power is a great help to us in this attempt to improve our lot. Before this program was launched it was almost hopeless to expect a manufacturer to locate in our area of high cost power.

But, Mr. Speaker, even with cheaper power our provincial governments do not have a very attractive proposition to offer to industrial investors. We will have cheaper power, we have natural resources, we have an abundant labour supply, and if profits could be shown we feel we would have no problem to find capital to industrialize. Our

big handicap is one we cannot do much about. It is geography. We are in the worst geographical position of any region of Canada in terms of development.

Before confederation the Atlantic region enjoyed a quite favourable trade location astride the water route from Upper Canada to New England and the West Indies. Our ships and goods could move in two directions, south to the United States cities and west up the St. Lawrence. Confederation, with its tariff system necessary to protect infant Canadian industries, halted this trade. Commerce moved henceforth east and west across the continent. The centre of manufacturing and business, and therefore the centre of population, became Ontario and Quebec. The successful manufacturers were those who could sell east and west from the centre. It might have been different if the St. Lawrence river did not supply a water route deep into Canada. Without the St. Lawrence, Halifax, Saint John and Louisburg might have developed into Canada's gates to the Atlantic as Vancouver became a great port, on the Pacific. Vancouver, founded about 1888, has over half a million people today. The city of Halifax, founded 139 years earlier, is a city one-fifth this size. Canadian overseas export cargoes embarked from Montreal and while that city flourished and grew the great natural ports of the east coast became quiet still waters confined to winter traffic.

As far as industrialization today is concerned, it is obvious why it is difficult to attract industrial investment and technical capacity to the Atlantic region. The simple fact is that the manufacturer on our coast is at a distinct disadvantage in competition, both in the local Atlantic market and in Canadian markets generally. In many cases it is just not good business to open up a factory in our region.

The Acting Speaker (Mr. Rea): Order. The assistant clerk has advised me that it is ten o'clock.

Mr. Deschatelets: On a question of privilege, Mr. Speaker, would you permit me to point out that since the delivery of the budget everything seems to be upside down in this country, even the clocks of the house.

Mr. Bell (Saint John-Albert): The Liberals stopped the clock.

On motion of Mr. MacLellan the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: I presume that we will proceed with this debate tomorrow as the house leader announced last night. Is there anything he can say about the business of the house for Monday?

Mr. Green: Mr. Speaker, I am not yet in a position to say but I am hoping that it will be possible to reach an agreement to have a one-day supply motion on Monday. We are also hoping that on Tuesday it will be possible for the house to meet at 4.30 instead of 2.30 in order that members may attend the ceremony which is to take place on parliament hill. We would then plan to go on with government business for the rest of Tuesday, take the seventh and eighth days of the budget debate on Wednesday and Thursday of next week and then have estimates on Friday. This is subject to being able to reach agreement with the two opposition parties.

Mr. Chevrier: To use an expression which is very dear to certain members of the house, we on the opposition side will be very happy to co-operate on Tuesday.

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

Questions

ANSWERS TO QUESTIONS

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

TRANS-CANADA HIGHWAY

Question No. 58—**Mr. Argue:**

1. What sections of the trans-Canada highway have been completed in each province?
2. What was the total cost of the completed sections of the trans-Canada highway in each province?
3. What was the federal contribution towards the total cost of the completed sections in each province?
4. What mileage in each province remains to be completed, and what percentage of the total mileage in each province is this?
5. Of this, what mileage in each province is now under construction?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Mileage completed in each province under the trans-Canada highway agreement to April 30, 1958:

Newfoundland	—
Prince Edward Island	67
Nova Scotia	—
New Brunswick	78
Ontario	434
Manitoba	246
Saskatchewan	406
Alberta	214
British Columbia	262
Total	1707

2. Information covering the cost of completed sections is not available. The estimated cost of all work for which approval has been given, together with the estimated amount of Canada's share, is as follows:—

	Total commitment	Canada's share
Newfoundland	$ 27,438,223.30	$ 17,166,350.22
Prince Edward Island	7,336,758.99	4,385,739.50
Nova Scotia	11,245,837.20	6,807,398.60
New Brunswick	33,479,012.85	23,271,942.83
Ontario	117,832,008.33	66,551,524.15
Manitoba	28,877,966.55	15,181,295.68
Saskatchewan	27,759,207.27	15,864,748.65
Alberta	34,179,330.14	19,686,515.47
Br. Columbia	94,356,081.85	51,660,139.12
Total	$382,504,426.48	$220,575,654.22

3. Payments to provinces December 10, 1949, to May 31, 1958:

Newfoundland	$ 9,777,397.16
Prince Edward Island	3,272,532.20
Nova Scotia	4,792,713.50
New Brunswick	12,385,775.21
Ontario	41,240,308.94
Manitoba	12,890,076.46
Saskatchewan	15,051,388.49
Alberta	17,264,295.06
British Columbia	40,820,162.99
Total	$157,494,650.01

4.

	Total mileage	Paved mileage on travel route*
Newfoundland	554	67
Prince Edward Island	71	70
Nova Scotia	311	202
New Brunswick	390	346
Ontario	1436	972
Manitoba	309	277
Saskatchewan	406	406
Alberta	282	289**
British Columbia	568	407
Total	4327	3036

*The paved mileage shown includes that detailed in No. 1 and mileage which was paved by the province prior to December 10, 1949. No information is available as to the extent to which the provinces may reconstruct the originally paved mileage and consequently percentages cannot be given.

**This mileage will be reduced to 282 when work on the highway is completed.

5.

	Grading approved for construction	Mileage completed
Newfoundland	366	249
Prince Edward Island	71	70
Nova Scotia	99	94
New Brunswick	120	118
Ontario	674	576
Manitoba	240	234
Saskatchewan	406	406
Alberta	275	275
British Columbia	428	385
Total	2679	2407

	Paving approved for construction	Mileage completed
Newfoundland	—	—
Prince Edward Island ..	70	67
Nova Scotia	26	—
New Brunswick	88	78
Ontario	452	434
Manitoba	270	246
Saskatchewan	406	406
Alberta	214	214
British Columbia	262	262
Total	1788	1707

CUSTOMS OFFICES, ACTON VALE AND WATERLOO, QUEBEC

Question No. 100—**Mr. Boivin:**

1. Have representations been made to the Minister of National Revenue or any officials of his department asking for the establishment of customs offices at Acton Vale and Waterloo, Quebec?
2. If so, by whom?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes, in 1954.
2. Representations made by Mr. Marcel Boivin, M.P.

NATIONAL FILM BOARD—VAULT CONSTRUCTION

Question No. 108—**Mr. Rouleau:**

1. Have tenders been called by the government for the building of a vault at the national film board in St. Laurent, Quebec?
2. If so, has the contract been awarded, to what firm and at what amount?
3. If not, when will tenders be called?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2 and 3. Tenders are due on June 25, 1958.

HOUSE OF COMMONS

Wednesday, June 25, 1958

The house met at 2.30 p.m.

LIBRARY OF PARLIAMENT

APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION

Hon. Henri Courtemanche (Secretary of State) moved:

That the report of the civil service commission concerning the staff of the library of parliament, laid upon the table of the house June 20, 1958, be now approved.

Motion agreed to.

CRIMINAL CODE

AMENDMENT RESPECTING HUMANE SLAUGHTER OF ANIMALS

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill No. C-32, to amend the Criminal Code (slaughtering of animals).

Some hon. Members: Explain.

Mr. Fulton: Mr. Speaker, the house will recall that during the last parliament a bill dealing with the subject of the slaughtering of animals was introduced and given first reading. At that time attorneys general and all interested organizations were invited to make suggestions and comments. A good many have been received, and as a result the bill now being introduced represents some slight change from the form in which it was previously introduced. The changes, we believe, will make it more effective to accomplish its object.

Motion agreed to and bill read the first time.

STARRED QUESTIONS

PIPE LINE CONSTRUCTION PERSONNEL—NON-RESIDENT APPLICATIONS

Question No. 15—**Mr. Benidickson:**

Since July 1, 1957, how many applications for the privilege, or for extension of the privilege, to work in Canada on pipe-line construction from or on behalf of non-residents have been approved by the government?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, the answer to this question is 2,480.

HUNGARIAN REFUGEES, ONTARIO

Question No. 20—**Mr. Pickersgill:**

1. Has the government reached an agreement with the government of Ontario regarding the expenditures made by the provincial authorities to assist in the settlement of Hungarian refugees?
2. If so, what is the basis of the agreement?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answer to part 1 of the question is yes.

In answer to part 2 I will outline the basis of the agreement, which is as follows:

1. The federal government will pay to the Ontario government the sum of $3 per day for each Hungarian refugee given board and lodging in the Toronto reception centre.

2. The federal government will reimburse the Ontario government for any disbursements made for board and lodging for refugees in accommodation outside the reception centre where such arrangements have been necessary and where the refugees have been in Canada less than one year.

3. The federal government will absorb all the costs of transportation of refugees from Europe to Canada and, within Canada, to the place of destination and/or place of employment.

4. The Ontario government will absorb the costs of medical examination, X-ray and vaccination of Hungarian refugees, which may have been made upon arrival of the Hungarian refugees in the province.

5. For those Hungarian refugees who require hospitalization, medical treatment, nursing assistance and social assistance, the federal government will reimburse the Ontario government for expenses incurred during the first year after arrival in Canada; for those Hungarian refugees requiring these services beyond the first 12 months after arrival, these services will be provided by the Ontario government at no cost to the federal government.

6. The federal government will reimburse the Ontario government for the purchase of clothing on behalf of Hungarian refugees.

7. The provisions of the existing agreement regarding language and citizenship classes will apply in the case of Hungarian refugees.

It should be noted, Mr. Speaker, that the term "Hungarian refugee" for the purpose of this agreement means a Hungarian national who fled Hungary as a direct result of the

revolt in that country of October, 1956, and who has been brought to Canada at the expense of the federal government.

Mr. Pickersgill: Mr. Speaker, has the hon. lady the date of that agreement?

Mrs. Fairclough: No, I do not appear to have that date, Mr. Speaker, but I will be glad to procure it should the hon. member wish it.

OPEN PLACEMENT IMMIGRATION

Question No. 21—**Mr. Pickersgill:**

1. What are the occupations for which immigrants are admitted for open placement at the present time?

2. How many open placement immigrants have been admitted to Canada since January 1, 1958?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the actual reply to this question is not very long, but it is supported by a copy of the occupational counselling guide, which is rather voluminous. I would suggest, if the hon. member agrees, that this be made an order for return.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if the hon. lady could not give the answer to the question. I would be quite happy to have the supporting document tabled.

Mrs. Fairclough: Surely. The answer to the first part of the question is that an open placement immigrant under present selection criteria must have to a high degree the personal qualities of suitability, adaptability and determination, and in addition be highly qualified in a trade or occupation in which opportunities for placement or establishment exist and which will permit him to become satisfactorily established in Canada within a reasonable time after his admission. The attached schedule, which is amended from time to time as may be required, is used by selection officers abroad as a general guide in the selection and counselling of prospective immigrants.

The answer to the second part of the question is that 5,608 open placement immigrant workers were admitted to Canada from January 1, 1958, to April 30, 1958.

Mr. Speaker: In order that the answer and the supporting document may all be in one place is it agreeable that the answer and the document be made an order for return?

Some hon. Members: Agreed.

TERRA NOVA NATIONAL PARK, NFLD.

Question No. 22—**Mr. Pickersgill:**

Have instructions been given by the Minister of Northern Affairs and National Resources or any member of his staff or official of his department to the park engineer, park superintendent or any member of the staff of the Terra Nova national park that applicants for jobs in the park must be interviewed or recommended or approved by Mr. Carson Stroud of Glovertown?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the question asked by the hon. member for Bonavista-Twillingate is as follows. No instructions have been issued that applicants for jobs at Terra Nova national park be interviewed by Mr. Carson Stroud of Glovertown. Instructions have been issued that Mr. Stroud's advice be sought. Terra Nova is a long distance from the nearest office of the national employment service, and advice from officers of this service is, for practical purposes, unavailable.

We have made it a point to ask the advice of all those who are qualified in those areas and who know the needs of the people and the local skills. An example in Cape Breton is that we have accepted advice from local members of the clergy. The department welcomes recommendations from persons who are well qualified to make them. As a matter of interest I might mention that I just recently received a recommendation from the hon. member who asked this question, and I at once asked the department to consider the person recommended just as soon as a suitable vacancy occurred. I did this because I knew the hon. member would not make such a recommendation unless he knew the person was well qualified and in need of the work.

C.B.C. SATELLITE TRANSMITTERS

Question No. 24—**Mr. Benidickson:**

1. At what locations is the Canadian Broadcasting Corporation providing any transmission of T.V. programs by satellite transmitters?

2. Has the Canadian Broadcasting Corporation commenced construction of any such satellite transmitters? If so, at what locations?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am advised by the Canadian Broadcasting Corporation that the answer to the first question is none. With regard to the second question, the corporation has not commenced construction of any television satellite transmitters, but is currently carrying out studies and surveys on proposals for satellites, or relay stations working by connection to the microwave network or by television recordings, at Corner Brook, Liverpool-Shelburne-Yarmouth, Moncton (French), Kenora, St. Boniface (French), Trail.

MINAKI-KENORA ROAD—FEDERAL CONTRIBUTION

Question No. 25—**Mr. Benidickson:**

1. Has the federal government been asked by the government of Ontario to contribute to the construction of a road between Minaki and Kenora?

2. Has the federal government made a contribution to costs of road construction since February 10, 1958, between Kenora and Minaki? If so, what was the amount of the contribution?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, in reply to the first question, no specific request has been received from the government of the province of Ontario relative to the construction of a road from Minaki to Kenora. The province has, however, indicated its interest in obtaining assistance under the roads to resources program for a road leading south from Minaki toward route 17.

Mr. Benidickson: Which is the same thing.

Mr. Hamilton (Qu'Appelle): The hon. member, knowing the district as well as I do, knows it is really the same thing. I should also point out that negotiations between the government of Ontario and the federal government are still under way concerning a roads to resources program in that province, and it is possible that when the details of this program have been agreed upon it may include roads in the region in which the hon. member is interested. No decision, however, has yet been reached. I should also mention that under the forest access roads program, which began January 2 and ends June 30, the province of Ontario has been constructing certain forest access roads in the Minaki region. These roads are not, of course, part of any provincial highway system.

In reply to the second question I should point out that between January 2 and March 31, 1958, the federal government's share of the cost of forest access road work in the Minaki area was $24,421.75.

Mr. Benidickson: Why did it stop on March 31?

Mr. Hamilton (Qu'Appelle): Final payments will not be made known to us until the end of this month, and at that time I will give the hon. member a full answer. But under the roads to resources agreement, no payments have been made because no agreement has yet been signed.

WELLAND CANAL—FINES ON FOREIGN SHIPS

Question No. 26—**Mr. Fisher:**

1. Have the Welland canal authorities fined any foreign ships for breaking canal regulations since May 1, 1958?

2. If so, what foreign ships, when, and for what breaches?

3. Did these ships have pilots? If so, what were their names, addresses, and qualifications?

Hon. George H. Hees (Minister of Transport): The answer to this question is that no foreign ships have been fined by the Welland canal authorities for breaking canal regulations since May 1, 1958.

REMOVAL OF U.S. PILOT, CARDINAL, ONT.

Question No. 27—**Mr. Fisher:**

1. Did a Department of Transport official have an American pilot removed from a ship at Cardinal, Ontario, during May, 1958?

2. If so, did the American authorities make any protest about this occurrence?

3. What form did this protest take and what reply was given by what Canadian authorities?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is that an unlicensed pilot was superseded by a licensed pilot at Cardinal, Ontario, on May 11, 1958, as provided by the Canada Shipping Act.

Regarding parts 2 and 3 of the question, the answer is no.

QUESTIONS PASSED AS ORDERS FOR RETURNS

OPEN PLACEMENT IMMIGRATION

Question No. 21—**Mr. Pickersgill:**

1. What are the occupations for which immigrants are admitted for open placement at the present time?

2. How many open placement immigrants have been admitted to Canada since January 1, 1958?

TRANS-CANADA PIPE LINES DIRECTORS

Question No. 23—**Mr. Fisher:**

1. Has Trans-Canada Pipe Lines Limited any contractual relationship with the government or government corporations?

2. Who are the directors of Trans-Canada Pipe Lines Limited?

3. Are any directors of Trans-Canada Pipe Lines Limited directors of Quebec Natural Gas Corporation?

4. If so, which of them?

PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

Question No. 54—**Mr. Argue:**

What commodities and materials are on the prohibited list for export to (a) the U.S.S.R.; (b) China; (c) Bulgaria; (d) Czechoslovakia; (e) Hungary; (f) Poland; (g) Roumania; (h) Yugoslavia; (i) East Germany?

CANADIAN PURCHASES IN U. K.

Question No. 77—**Mr. Martin (Essex East):**

1. What purchases have been made by the government of Canada in the United Kingdom, since June 25, 1957?

2. What purchases were made by the government of Canada in the United Kingdom for the 12 months' period prior to June 25, 1957?

GAGETOWN CAMP, N.B.—EMPLOYMENT

Question No. 103—**Mr. Michaud:**

1. How many persons were employed in connection with construction work at Gagetown camp, New Brunswick, on June 1, 1957?

2. How many persons were employed on this work as of June 1, 1958?

Motions for Papers

INDIAN AFFAIRS—FIRES ON RESERVES

Question No. 113—**Mr. Howard:**

1. In British Columbia during the years 1956, 1957 and 1958 to date, have any fires occurred on Indian reserves or to schools, hospitals or other buildings on Indian reserves or to such buildings which are used by Indians and which are near Indian reserves?

2. If so, (a) how many and upon which dates did such fires occur; (b) on or near which reserves were they; (c) how many fatalities, if any, occurred to Indians as a result of each fire?

3. Have any instructions been issued by the Indian affairs branch to Indian superintendents or to others regarding measures to be taken for fire prevention and protection?

4. If so, (a) what were the instructions; (b) when were they issued; (c) what developments arose out of such instructions?

MOTIONS FOR PAPERS

HEALTH INSURANCE—CORRESPONDENCE WITH PROVINCES

Motion No. 14—**Mr. Martin (Essex East):**

For a copy of all correspondence and other documents exchanged between the Minister of National Health and Welfare or the ministers of finance and labour or any officials of the said departments with any minister of any provincial government or officials thereof in the matter of the Hospital Insurance and Diagnostic Services Act, since January 1, 1958.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have discussed this with the hon. member and pointed out that to give the complete information requested would entail quite an expenditure of money. I have also suggested to him that if there are any particular items of correspondence we would be very pleased to have them provided.

Mr. Martin (Essex East): Mr. Speaker, the minister is quite correct in saying that he did discuss the matter with me. Unfortunately he did not fully understand my immediate reaction. I thought we had agreed that correspondence and documents exchanged between the minister and/or the ministers of finance and labour, or any correspondence with any members of the provincial governments, would be passed as an order, but we would not require exchanges between the officials of the various departments of government.

Mr. Monteith (Perth): Yes, that is quite all right.

Mr. Speaker: Is it the pleasure of the house to adopt the motion as amended in accordance with the agreement between the mover and the minister?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Michaud.]

WAREHOUSE ON FEDERAL WHARF, LEVIS, QUE

Motion No. 18—**Mr. Bourget:**

For a copy of all telegrams, correspondence and other documents exchanged since July 1, 1957, between the federal government and any of its departments or agencies and the municipal councils of Quebec, Levis, Lauzon, and other public bodies and persons, relating to the request made by Industrial Freighting Limited for the construction of a warehouse on the federal government wharf at Levis, east of the landing place used by Levis Ferry Limited.

Motion agreed to.

EXTERNAL AFFAIRS

LEBANON—REPORTED REQUEST TO UNITED NATIONS FOR EMERGENCY POLICE FORCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he would care to comment on the reported request made to the United Nations by the head of the Lebanese government for an emergency police force to be sent to that country to patrol its borders with Syria.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in view of the uncertain situation in the Middle East, and in Lebanon in particular, and the fact that Mr. Hammarskjold is there at the present time on a mission on behalf of the United Nations, I think it would be untimely to make any statement at this time. However, as soon as there is any degree of certainty respecting the situation and the nature of the alleged request has been made clear, the Secretary of State for External Affairs will make a statement.

RUSSIA—SECURITY ARRANGEMENTS FOR CANADIAN EMBASSY

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Secretary of State for External Affairs if he has any comments to make about published reports on the character of the security arrangements being made with respect to the Canadian embassy in Moscow?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I have nothing to observe in that regard except that we have learned that additional police protection has been offered by the Soviet government.

PUBLIC SERVICE

ALLEGED FEATHERBEDDING BY GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to address a question

to the Secretary of State. In view of the serious implications of featherbedding and oversecurity of tenure in the civil service which have been raised by the statements of the head of Central Mortgage and Housing Corporation in stressing why his organization was able to fire staff and reduce its budget, would the minister call senior officials of the civil service associations and the head of the civil service commission before a commons committee to present the civil service side of the matter?

Hon. Henri Courtemanche (Secretary of State): I will take that question as notice.

INTERNATIONAL TRADE FAIR

BRUSSELS—REPORTED RESIGNATION OF CHAPERONE OF STUDENT GUIDES

On the orders of the day:

Mr. Maurice Bourget (Levis): I should like to ask the Minister of Trade and Commerce a question or, in his absence, the acting minister. The question is based on a story published in the Toronto *Star* on June 24, to the effect that the Canadian pavilion at the world's trade fair at Brussels suffers from lack of money, lack of administration and lack of morale.

My question is, has the minister, as alleged in the newspaper story, curtly accepted the resignation of Madame Valmore Bienvenue, chaperone of the university students who are acting as guides at the Canadian pavilion, and would the minister comment on the whole situation?

Hon. J. A. MacLean (Acting Minister of Trade and Commerce): I will see that this is brought to the attention of the Minister of Trade and Commerce so that a reply can be given later.

Mr. G. J. McIlraith (Ottawa West): May I ask a supplementary question of the Prime Minister. Would the Prime Minister tell us whether or not he has received the letter alleged to have been written to him by the guides, according to the same story?

Right Hon. J. G. Diefenbaker (Prime Minister): I do not know what the story is, but I know that this morning a letter was received by me written by certain university students who affixed their signatures, in respect of this matter.

Mr. McIlraith: Will the Prime Minister tell us what action is being taken on the matter?

Mr. Diefenbaker: As my hon. friend will realize, having received the letter this morning and having had a cabinet meeting as well this morning, there has not been any time to give any consideration whatever to this question. As I recall the letter, it refers to the resignation of Madame Valmore Bienvenue, and in general to the matters to which allusion has been made by the hon. member for Levis.

FINANCE

LACK OF APPLICATION TO QUEBEC OF GIFT TAX EXEMPTION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Finance. In making the proposal to permit a husband to give his wife, or vice versa, up to $10,000 as a tax-free gift, did the government give consideration to the fact it would not benefit a taxpayer in Quebec?

Mr. Speaker: Does not the hon. member think that matter would more properly be brought up in the budget debate? It concerns an item about which an announcement was made in the budget speech, and which will be under discussion during the consideration of the budget resolution?

Mr. Chevrier: The matter is of some urgency, and the resolutions may not be debated for another ten days.

Mr. Speaker: I take it there is no urgency so far as anybody is concerned until the matter has been decided by the house. It seems to me it would be more appropriately dealt with at that time.

FRUIT

BRITISH COLUMBIA—REQUEST FOR SUPPORT PRICE FOR RASPBERRIES

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I should like to direct a question to the Minister of Agriculture. In view of the extremely low market price of 6 cents per pound paid to British Columbia raspberry producers, will the minister consider bringing raspberries under the price stabilization act to enable these producers to take off their present crop?

Hon. D. S. Harkness (Minister of Agriculture): I am very pleased to see the interest shown in the British Columbia raspberry growers by the hon. member for Mackenzie River. I think perhaps he has been back in the northern fastness too long, because this matter was dealt with last week. Assistance was provided under the stabilization act for the raspberry growers in British Columbia which will ensure that they will be paid a minimum of 9 cents per pound for the poorest type of raspberry which is produced there. I should perhaps add that of course more will be paid for the better varieties.

Inquiries of the Ministry

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. Will the same principle apply when floor prices are established for B.C. tree fruits for the 1957 crop?

Mr. Harkness: If the hon. member, by saying "the same principle," means the principle of doing the best we can in order to improve the position of the fruit growers and assist other farmers of this country, certainly that is the case.

OIL

SUGGESTED MEETING TO DISCUSS GREATER CANADIAN MARKET

On the orders of the day:

Mr. Hazen Argue (Assiniboia): May I address a question to the Prime Minister, arising out of the continued cut-backs in Canadian oil production. Is a meeting scheduled between the government and the heads of the integrated Canadian oil companies to see whether a larger part of the Canadian market may be made available for Canadian oil production?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know of no such projected meeting.

Mr. Argue: May I ask a supplementary question: whether any consideration has recently been given by the government to the advantages which might accrue from the pipe-lining or the shipment of crude to the Montreal area?

Mr. Diefenbaker: That question is always receiving attention and consideration as between the experts in various departments of the government and the provincial representatives. When a decision is arrived at, the house, of course, will be made aware of it.

NATIONAL DEFENCE

REPORTED INABILITY OF CANADA TO OBTAIN U.S. NUCLEAR WEAPONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Secretary of State for External Affairs whether the Canadian government has made representations to the United States government concerning amendments to the United States atomic energy act, approved by the Senate in Washington on Monday, which would prevent Canada from obtaining United States nuclear weapons of any kind, and would make it illegal for the United States even to supply the information to enable Canada to design such weapons for use by our navy, army or air force?

[Mr. Harkness.]

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thank the Leader of the Opposition for having sent a copy of the question he has just addressed to me. This I received at 1.45 p.m., and as the answer will involve several departments I will take the question as notice.

BUSINESS OF THE HOUSE

SUGGESTED REFERENCE OF ELECTIONS ACT TO STANDING COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): May I ask the Secretary of State a question of which notice has been given. In view of the fact that there are five public bills on the order paper indicating desired changes in the Canada Elections Act, in addition to two notices of motions by government party private members indicating a similar desire, will the minister undertake to recommend to the house that the Canada Elections Act be referred to the standing committee on privileges and elections in order that proposed amendments may be studied by that committee?

Hon. Henri Courtemanche (Secretary of State): I wish to thank the hon. member for having given me notice of his question. In view of the very heavy program of legislation on the agenda for this session I can only say at this time that the government has given consideration to this problem, and intends to refer the study of the Canada Elections Act to the committee at a later date.

TRANSPORT

STATEMENT ON REPORTED CANADIAN OPPOSITION TO U.S. PROPOSAL RESPECTING GREAT LAKES PILOTS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): With reference to the points regarding pilotage which were raised yesterday by the Leader of the Opposition, the hon. member for Laurier and the hon. member for Port Arthur, I believe I can now offer some clarification.

We are contemplating certain amendments to the shipping act which would give us the necessary authority to deal with pilotage matters within Canadian waters on the great lakes. The United States also has certain legislation pending in this regard, and it would therefore be premature to discuss the situation in further detail until we know exactly what legislation will be approved by the United States.

I can, however, state that there have been several discussions between Canadian and

United States authorities with respect to this matter. Each is fully aware of the views of the other and it is expected that satisfactory reciprocal arrangements can be worked out. Although the exact situation with regard to pilotage requirements in Canadian waters and in United States waters may not be necessarily identical, provision would be made for each to recognize the licence or certificate of competency issued by the other authority, and for continuing liaison in the matter of technical standards and requirements.

With respect to the international section of the seaway, our jurisdiction would apply only to Canadian waters, of course, and here again while we now have in existence a pilotage system covering this portion of the St. Lawrence river up to lake Ontario, if the United States should impose any new requirements in regard to United States waters in this section of the river we would of course have to make appropriate reciprocal arrangements with them along the lines of the foregoing.

Hon. Lionel Chevrier (Laurier): May I ask the minister as a supplementary question if he thinks it is possible to have mandatory pilotage on the United States side, for instance, and voluntary pilotage on the Canadian side of the international section?

Mr. Hees: That is something we will have to work out when we discover what the United States is going to do.

Mr. D. M. Fisher (Port Arthur): Could the minister inform the house of the dates when these discussions between the United States and Canadian officials took place?

Mr. Hees: No, Mr. Speaker. There have been several discussions in the past few months, and I do not see any particular merit in the question of the hon. member as to the dates of those discussions. They were informal but very full and useful discussions.

Mr. Fisher: Mr. Speaker, I had a supplementary question as to whether the Canadian government had made representations during the last few months, and the date given by the Secretary of State for External Affairs was March 20. I was seeking to find out whether more recent representations had been made.

Mr. Hees: Mr. Speaker, we have made no representations. The discussions between our authorities and those in the United States have taken place as a means of getting information, on both sides, as to what each country had in mind. We have made no representations.

Inquiries of the Ministry

TRADE

LEAD AND ZINC—PROPOSED GLOBAL PLAN FOR MARKETING

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): May I address a question to the Acting Minister of Trade and Commerce. In doing so may I say that I have not been able to give him notice as early as I would have liked—

Some hon. Members: Order.

Mr. Herridge: Mr. Speaker, I have something quite legitimate to explain. My messenger came back five times this morning because the minister was not in his House of Commons office, and I feel that some arrangement should be made so that a minister will get a question in good time when we send him notice.

Some hon. Members: Order.

Mr. Herridge: I am making a suggestion which I feel is to the advantage of the ministers.

Mr. Pallett: About as useful as your other suggestions.

Mr. Speaker: May I remind hon. members that the hon. member for Kootenay West has the floor.

Mr. Herridge: Has the minister been informed of and has he given consideration to the possibilities and implications of the proposed global plan to regulate the flow of lead and zinc to world markets, supported by the state department of the United States? If so, could the minister inform the house of the government's attitude to this proposal?

Hon. J. A. MacLean (Acting Minister of Trade and Commerce): I will bring this question to the attention of the Minister of Trade and Commerce for an answer at a later time.

TRANSFER OF CF-100 AIRCRAFT TO BELGIUM

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): May I ask a question of the Acting Minister of Trade and Commerce based on a press dispatch in the Toronto *Globe and Mail* of June 25, 1958, but before doing so I would mention that I had a somewhat similar difficulty to that related by the hon. member for Kootenay West with respect to notice. In view of that fact, perhaps this question could be treated as notice and dealt with tomorrow.

Would the minister give the house the cost to Canada of the transfer of CF-100 jet aircraft to Belgium, and would he also indicate

what part of this cost is included in the export figures for the month of May which were yesterday released to the press?

Hon. J. A. MacLean (Acting Minister of Trade and Commerce): On behalf of the Minister of Trade and Commerce I will take that question as notice.

AUTOMOBILES—ALLEGED INTERFERENCE BY U.S. IN CANADIAN EXPORTS TO CHINA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a question, notice of which was sent to his office just before noon, as to whether or not he can enlighten the house as to the nature of the preliminary conversations, and on what level they were held, mentioned in the answer made yesterday by the Minister of Trade and Commerce when asked whether or not representations had been made to the government of the United States with regard to the attempt on the part of someone in Canada to sell Canadian-manufactured automobiles to a country in Asia.

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thank the hon. member for having given me notice of this question. In view of the reply that was made yesterday by my colleague the Minister of Trade and Commerce, he has undertaken to answer this question. In his absence I will accept this as notice.

Mr. Martin (Essex East): May I ask a supplementary question. My question was: what was the nature of the conversations to date, and on what level were they conducted? What the Minister of Trade and Commerce undertook to do was to give consideration as to whether or not representations would be made from government to government in the matter.

Mr. Smith (Hastings-Frontenac): I have nothing to add to my answer.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): May I ask the Minister of Finance if the government has yet received the report of the royal commission on the revision of the terms of union with Newfoundland?

[Mr. McIlraith.]

Hon. Donald M. Fleming (Minister of Finance): No, sir.

(Translation):

PUBLIC SERVICE

INQUIRY AS TO REPORTED NEW POLICY REGARDING APPLICATIONS FOR EMPLOYMENT

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I want to ask a question—I thank hon. members for this applause. I see that our Cerberus is properly minding his job in this house, keeping tab of his colleagues who are present and of those who are away. Personal freedom is such a small thing, after all, or the respect of—

Some hon. Members: Question! Question!

Mr. Denis: I should like to ask the Secretary of State (Mr. Courtemanche) a question. I am sorry I failed to give him notice that I would do so, but as it concerns a matter of which I was not informed until this morning, it was then too late.

Is it true that the civil service commission no longer accepts applications for employment unless there is a vacancy.

If so, could the Secretary of State comment on this subject? We have made recommendations to the civil service commission on behalf of persons who wish to work in a post office or elsewhere, but their application forms were returned with the statement that no more applications were being entertained, for the reason I have mentioned.

Hon. Henri Courtemanche (Secretary of State): I am not aware of the situation referred to by my hon. friend, but after due inquiry, I shall be pleased to reply later.

(Text):

HOUSE OF COMMONS

SUGGESTED CHANGE IN METHOD OF DEALING WITH DIVORCE QUESTIONS

On the orders of the day:

Mr. M. W. Martin (Timmins): May I ask the Minister of Justice if it is the intention of the government, either at this session or during other sessions of this parliament, to take the necessary steps to remove divorce cases from this House of Commons?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, we have not made any plans in that connection.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): May I address a question to the Acting Minister of Labour. I regret not having been able to give her notice, but I am sure that in view of the seriousness of the situation she has her fingers on the pulse of this matter.

Has the minister received any report from industrial inquiry commissioner Taylor with respect to the dispute between the S.I.U. and the C.P.R. on the coast of British Columbia?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, the final report has not yet come in and I have no report to make to the house at this time, but I constantly hope that an amicable solution will be reached.

Mr. Howard: When is it to be expected that the commissioner may be able to give us some details of his experiences out there on this trip?

Mrs. Fairclough: I believe the commissioner makes just one report, that is his final report, the report for publication. I do not anticipate that it will be received within the immediately foreseeable future because I hope the report he will make will be to the effect that he has been successful in promoting a settlement of the dispute.

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask a supplementary question. Would the minister say whether the government is prepared to follow the example set by the government of British Columbia in its dealings with the Black Ball ferries, in that it might consider taking over the operation of the Canadian Pacific ships until a settlement has been reached?

Mr. Speaker: I think the hon. member is asking for a declaration of policy, and he can hardly expect his question to be answered extemporaneously.

Mr. Regier: In that case may I reword my question. Has the government given any consideration to the adoption of the course I have mentioned?

Mrs. Fairclough: I am not prepared to answer that question at the present time.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO PROGRESS OF DISCUSSIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Prime Minister or to the Minister of Agriculture. I wonder if the house could be brought up to date on the progress being made toward the signing of an agreement for the construction of the South Saskatchewan river project, and told what consideration is being given to the Saskatchewan application for a loan for power development.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I can tell the hon. member and the house that excellent progress is being made in regard to negotiations leading, we expect, in the very near future to the signing of an agreement.

Mr. Argue: I wonder if I might have an answer to the question concerning what progress has been made with regard to the Saskatchewan application for the loan for power development. This question might be answered by the Minister for Northern Affairs and National Resources. Perhaps I might ask the Prime Minister whether such an application is before the government and, if so, what consideration is being given to it?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, an application was made in that connection, and there has been an exchange of ideas in reference to that application. I think a final decision will be made in a letter to be transmitted to the premier of Saskatchewan within the next couple of days. In so far, however, as the request for financial assistance is concerned, whether it is granted or not I am sure I can say, with the Minister of Agriculture, that we expect to secure shortly the execution of that agreement to which the people of Saskatchewan have looked forward for so many years.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 24, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, last evening when the house adjourned I was speaking of the necessity of establishing industry in the Atlantic provinces to bring up the standard of living of our people. Our provincial governments are doing everything possible, and providing every incentive they can, to attract industrial investment. However, our geographical

location is such that we must face the stark fact that an industrial venture is not as likely to succeed in our region as in other more central areas of the nation.

The central manufacturer can look to a large consuming public in his own province. When he has supplied that market for his primary profits he can sell east and west. The east coast manufacturer selling to a small population cannot meet primary costs out of local sales. From the outset he must find a market in Quebec and Ontario and farther west. Not only does this mean higher transportation costs, it means higher selling, accounting and collecting costs added to the price of the goods. A sales force far from the factory is more expensive, and less efficient and productive. The maritime industrialist, to provide delivery service in competition, must warehouse his products and his repair parts over a wide area far from home.

At the same time, Atlantic industry can be at a disadvantage even in its home market. A factory producing for our local consumption must of necessity be small. Goods manufactured in much larger quantities in central Canadian factories can be produced at a substantially lower per unit cost. The larger factory can afford extensive advertising and promotion of its goods. It can establish a brand name to catch the shopper's eye. Then these goods take advantage of maritime freight rate assistance to appear in Nova Scotia or New Brunswick or the other provinces at a lower cost than we can produce them. The maritime industrialist is pierced by both swords. He is at a disadvantage trading at home and at a disadvantage in the Canadian market at large.

We do not have too good a proposition to offer an industrialist who would like to establish in eastern Canada. Industry will settle where it has the best chance of profit. In our present position we have great difficulty in coaxing industry to our towns and cities. Every year we see more of the few manufacturing and processing industries we have closing down, and very few new ones starting. Every community has the scar of a local enterprise which was purchased by larger competition and shut down, or which could no longer stand the pressure of competition as central Canadian factories grew larger and could produce cheaper.

Mr. Speaker, the Atlantic region must have a comprehensive special program which will assist us to help ourselves. Grants in aid and subventions are futile to meet the basic problem. The Atlantic program must be generous and far reaching, and if necessary a drastic departure from some of the past concepts of national policy.

[Mr. MacLellan.]

I submit that a program of Atlantic industrial development should provide the following incentives to attract industry to our provinces: First there should be a special corporate tax concession to Atlantic industry, particularly to manufacturing and processing industries.

Because of our geographical position a manufacturer is likely to make less profits. To make up for lower profits the corporate tax rate should be reduced to equalize his profit with that which he would earn in a more favoured location. In addition to this equalization concession, new industry should be offered an extra tax bonus for the first 10 years of operation, while it consolidates. I believe that in some distressed areas of the United States such concessions are made to encourage the settlement of industry. The island of Puerto Rico, because it levies no corporate tax, is building up a flourishing industrial complex.

Recently the Minister of Northern Affairs and National Resources spoke of the advantage that Nova Scotia, with its great coal reserves, could offer to a big steel industry which wished to capitalize on Atlantic iron ore deposits. With all due respect, I fear that without some extra profit incentive a steel producer would prefer to transport iron ore and coal many miles for the advantage of manufacturing close to his market. A big steel industry could be the salvation of Nova Scotia and the maritimes. I am afraid that in the ordinary course of affairs we may never see it. But give such an industry a tax concession and it will start tomorrow looking for a site.

Second, we should have such transportation assistance as will allow our goods to enter the Canadian market without a transportation penalty. At the same time, freight rate assistance on goods coming into the maritimes should not provide cheap transportation for products competitive with those being manufactured or processed in the Atlantic region.

Third, where foreign industry wishes to relocate in the Atlantic region, machinery and tools presently in use in the industry at its foreign site should be permitted entry to the Atlantic area free of tariff.

Fourth, as suggested by the report of the royal commission on Canada's economic prospects, where possible defence orders and other federal purchases should give a preference to manufacturers in the Atlantic area.

Mr. Speaker, we hope this government will provide to the Atlantic region the equality of opportunity we have always sought. What does "equality of opportunity" mean? It

means that we should have money enough to pave our highways and to build schools. It means that our coal should have the subventions it must have to meet the competition of foreign fuels in our natural markets. And to this extent this government has given Nova Scotia and the other Atlantic provinces more Canadian equality than any other government since confederation.

But "equality of opportunity" must mean more than that. It must mean the chance to produce goods, and to sell them on a footing equal to that of other Canadians. It must mean a chance to enjoy a gross product equal to that of the national average.

At the moment there is a crisis in the Nova Scotian coal industry, not an unusual situation I am sorry to say. The crisis reflects the position of many of our industries and businesses, and is the direct result of all those years of the negative policy of the former administration. I am confident that the present government will not continue that policy. There can be no solution to the problem of our coal industry in subventions alone. The only worth-while solution is to assist the development of a maritime industrial life that will use that coal. And if coal miners must be displaced because of insufficient markets, then other local industries should be provided to employ them.

I am confident that this government will attack the Atlantic problem realistically, with a comprehensive program to help provide an economic climate which will attract industry to the Atlantic region. I submit, sir, that by so doing more could be accomplished in the next 10 years to provide Atlantic equal opportunity and self-sufficiency than has been achieved in the 91 years since confederation. The Atlantic provinces need federal expenditures. But above all we need industrial investment that only special and unusual federal tax consideration can bring to us.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, "a protectionist and deficit budget, unprecedented in peace time, with no appreciable tax relief".

"The Progressive Conservative government's first full budget is offering Canadians hardly anything in the way of tax cuts, and forecasts record government spending."

Both those comments, Mr. Speaker, sum up the reaction of most Canadian newspapers, last week, to the first full budget brought down in this house by the Minister of Finance (Mr. Fleming). A deficit, hardly any tax cuts, and the prospect of all-time high expenditures. Who would have thought our hon. friends opposite capable of such a performance?

When our hon. friends sat in opposition, they never tired of repeating that, if ever they came to power, they would cut taxes not by 100 or 200 million, but by 500 million dollars. But, what happened last Tuesday? Not only did the minister admit his inability to reduce taxes, but was compelled to announce a record breaking peacetime deficit.

"Every right-thinking Canadian should feel concern at this complete failure to reduce the crushing burden of corporation taxation, especially when industrial profits are dropping.

"The best remedy for business, for the individual taxpayer and for this country's economy would have been some sort of encouragement, in the form of substantial tax reductions which would have been far less inflationary than the belated effects of higher government spending."

Those words were spoken by the president of the Canadian Manufacturers' Association, commenting on last Tuesday's budget.

About the excise tax on cars, the president of the Canadian Automobile Association said:

> Only the complete abolition of that tax would have removed the long standing injustice of this obsolete, unwarranted tax.

This comment, by the way is an almost verbatim echo of statements made by the Prime Minister prior to June 10, 1957.

Quite obviously, Mr. Speaker, the government has finally come to the realization that it cannot have its cake and eat it too.

About customs tariff and related subjects, the hon. minister, in his budget speech, pointed out,—and to some extent rightly,—the need for meeting the legitimate requirements of Canadian industry, for protecting Canadian producers and workers against certain unfair trade practices. However, Mr. Speaker, while the hon. minister soft pedalled the whole thing, the fact remains that this trend toward a growingly protectionist policy must make us pause and put us on our guard.

This is hardly the time for the government to introduce protectionist measures, however trifling. The minister may well disclaim any attempt to bring down a protectionist budget, but the facts are there, and cannot be disputed. His denials lose much of their force when his budget speech intimates that similar provisions are being considered regarding other imports.

We are hardly in a position to adopt measures of this kind, especially when we consider that, more than ever, we have to rely on foreign markets for the sale of a major part of our forest, mine and other products. Recourse to higher tariffs might entail dire consequences for Canada. It would be a mistake to imagine that affected countries will overlook such measures.

In the field of monetary policy, the minister made much of the fact that more capital is available, that banks now grant any reasonable request for commercial and personal credit and that interest rates are somewhat lower than they have been.

But how long will it thus be easier to borrow? That remains to be seen. Are inflationary trends completely out of the picture? Are not production costs and prices in Canada still going up? In both cases, it is quite doubtful that the minister can reply to those questions in the affirmative.

Then again, in 1958-1959 the government will have to borrow the fabulous amount of $2,350 million! Obviously, to float so huge a loan, the government will have to appeal to all who have money put aside, to individuals, to lending institutions and corporations. The minister soon realized the magnitude of the problem because, just after his budget speech, he hastened to ask the stockbrokers association and its members to help the government in this respect.

Mr. Speaker, I hope the minister will succeed in his attempts. However, the day after his budget speech, newspapers reported that government bonds were already going down. Today, they are reported down a few points.

I hope the minister will do his best to call upon the public, and all people who have savings, even if he has to pay a higher interest rate to induce them to buy government bonds.

If the government experiences difficulty in floating those loans in Canada, will it seek help elsewhere, on foreign markets for instance? We may rightly doubt that. It would then be left to the Bank of Canada to issue new money, and we may ask ourselves if such a measure would not be inflationary.

I am now coming to the premium on the Canadian dollar. In 1950, the government of the day took all necessary steps to allow our dollar to fluctuate freely. In 1952, I did not fail to protest against the high premium on the Canadian dollar although at the time it was only about half of what it is today.

[Mr. Dumas.]

From 1952 to 1956 inclusive, the average premium on the Canadian dollar over the U.S. dollar fluctuated as follows: in 1952, it was 2.1 per cent; in 1953, 1.65 per cent, and in 1954, 1955 and 1956, it was respectively 2.65, 1.4 and 1.6 per cent. In 1957, the annual average for the premium reached a record rate of 4.1 per cent, and afterwards fell to 1 per cent for a short time. On June 21 last, the premium on the Canadian dollar was about 3¾ per cent.

In last Tuesday's speech, the hon. Minister of Finance spoke at quite some length about the value of the Canadian dollar as compared to the American dollar. However, he entirely forgot to mention that it was within his power to take the necessary steps to stabilize the value of our dollar.

It is unfortunate, Mr. Speaker, that the minister did not announce that his government would take the necessary steps to completely remove the premium on the Canadian dollar in relation to U.S. currency, or at least keep it to a minimum. Against this course, the minister held the view that:

> —some advantages of the kind would accrue to certain industries but at the same time we would lose other advantages which are assured us through a high rate of exchange.

And the minister went on to state:

> The weakening of our rate of exchange would be unfavourable to us in our exchange relations and, to that extent, we would pay more for our imports and get less for our exports.

Such arguments deserve consideration. They have serious implications. But what do they mean exactly in so far as our export trade and our industry are concerned? There is no need to be an expert to know that when our dollar is at a premium, our export trade suffers and our manufacturers have to face hard competition.

Whether we export wood, pulp, newsprint, copper, nickel, aluminum, lead, zinc or any other goods, processed or not, prices are quoted in terms of foreign currency and more often than not, in terms of U.S. dollars.

Of course, the minister would be right if we were in a position to set for our exports prices based on the value of the Canadian dollar. However, this is not the case, and the minister is well aware of it.

For our Canadian manufacturers, an increase in value of our dollar has the same effect as a lowering of tariffs, if there are any tariffs. Importers benefit from the higher value of the Canadian dollar, at the expense of our industries. It is as simple as that.

I must admit that if I am so utterly opposed to the fact that our dollar is at a premium over the American dollar, it is because the industries of my area are adversely affected by that state of affairs, beginning with our gold mines which have to accept lower prices. The same holds true for the lumber industry and the base metals industry.

It must be admitted also that there is no simple formula to set matters right in this regard and that we would not always be well advised to reverse trends which prove to be persistent. The Minister of Finance has emphasized that point. However, the government can, to a certain extent, hold that premium on the Canadian dollar at a much lower level than is at present the case. In such circumstances, the government must see to it that steps are taken to lighten the load on our export trade.

I was very happy to hear the Minister of Finance's statement with regard to the Emergency Gold Mining Assistance Act. This 25 per cent increase is certainly welcome, and the retroactive effect which the government intends giving to that legislation will offset, to a certain extent, the considerable losses which the industry has suffered because of the premium on the Canadian dollar.

This government program, involving the amendments which I have just mentioned, was welcomed by everyone in the gold mining industry, including the miners themselves, who derive their livelihood and that of their families from that industry. The government is making no mistake in accepting, in part at least, the representations of the leaders of the industry itself and those of the municipalities which quite recently sent an impressive delegation to the Minister of Finance and the Minister of Mines and Technical Surveys (Mr. Comtois).

I do not mean to act the part of a chronic grouch, but I must say I am somewhat disappointed, having honestly believed that the government would be a little more generous. The government should have gone a bit further. It did not have to fear being accused of setting a precedent in raising the gold mining assistance to 50 per cent, for instance, instead of 25 per cent as it proposes because, for the year 1955, the Canadian government paid $16,225,000 in subsidies to gold mines.

Nor do I propose to dwell over-long on this topic because there will be further opportunity to deal with it when the bill introducing proposed amendments comes before us. However, if it is true that one must strike while the iron is hot, I should now like to make a suggestion which should please the government.

For many years, mine operators, the authorities of the municipalities concerned and, indeed, anyone who has anything to do with gold mining have been saying that amendments to the act should extend over more years. It has become a habit or a rule that every time the duration of the act is extended, it is never extended for more than two years.

It is true that the coming amendments will be retroactive to the beginning of 1958 but it will none the less become ineffective on December 31, 1960, a little more than two years from now. Why not extend the act to December 31, 1961 or, better still, to December 31, 1962? It would not cost more to the government and would be so helpful to the industry and municipalities concerned. First, it would allow better planning of development and exploration work by mine specialists, and of course this would lead to more economical working of the mines. Secondly, municipalities could administer themselves more efficiently, more economically and, moreover, capital investments required in this field and in others could be forecast more intelligently.

In the past, Liberal governments have shown generosity with respect to gold mining assistance. The hon. Minister of Finance, who was then sitting on this side of the house, used to repeat that more should be done for the industry. He now has all the freedom he wants to implement what he was then advocating, and I do not see how he can refuse to implement that request that the house approve an extension period of three or four years, instead of having the act remain in force for only two years. The enactment of such an amendment was urged by the Canadian Metal Mining Association and the municipalities concerned.

The expansion of the mining industry which was substantial between 1945 and 1957 unfortunately shows a marked decline during the last twelve months. It is therefore only due to the increased production of uranium, iron ore and oil products that the total value of our mining production in 1957 was substantially higher than in 1956. The demand for our base metals especially is slight and, of course, prices are much lower. It therefore follows that the marginal mines must close their doors, and that a number of others are forced or will be forced to reduce their output considerably.

We can only hope that this slackening of our mining production will not continue. I read in the newspapers of last week that the only base metal mine in New Brunswick which had succeeded up to now in maintaining its operations had finally been forced to shut down. In Nova Scotia, some 9,000 miners must take an enforced holiday because of an accumulated surplus of 1,400,000 tons of coal of which the companies have not been able to dispose rapidly. In my area, the employees of one base metal mine had to accept a wage cut to keep their jobs. We sincerely hope that this difficult situation will stop there and that prosperity will return to the mining industry.

In all mining areas in the country, prospection, exploration and development work is slowing down. Of course, this slowing down process is similar to that which prevails elsewhere. Budgets normally earmarked for those types of works are much lower than they used to be. However, in spite of the present adverse conditions, one must not be led to believe that the mining industry is faced with bankruptcy.

Industrial leaders, those who are more particularly interested in the development of our mineral resources—and fortunately they are numerous—are optimistic and they realize that, in that field, the future of Canada is well-nigh unlimited.

In fact, in my province, in the districts of Wabush, mount Wright and mount Reed on the north coast, considerable work is now in process with a view to the development of iron deposits in those areas. In the course of the next three years, more than $400 million will be spent in the operation of those mines. In the district of Mattagami, the Noranda and associated companies will engage in considerable diamond-drilling to test a recent sensational discovery in that area.

In Ontario, Manitoba and in the western provinces, though prospection has somewhat slackened, large capital investments are contemplated for the next few years in order to develop large mineral deposits of all kinds.

On May 21 last, during the discussion of the address, I said that Canada could not fail to get an ever-growing share in the world demand for metals and minerals, and I maintained that Canadian producers could put their trust in long term deals. I added that, in the meantime, everything would have to be done to keep our mining industry in as good a shape as possible. If I stress this point again today, it is because the government, more than ever, is supporting an industry which is bound to become the most significant in this country, in the very near future.

If the government cannot cure all the ills from which the mining industry is suffering from time to time, it certainly can alleviate the difficulties by which its expansion is slowed down. First of all, it can do so through sound fiscal measures. Here is a simple example of what can be done by the government to lighten the burden of some mines that find themselves in a very special situation. I have dealt with this during the debate on the address. On May 21 last, I called the attention of the minister on a request forwarded to him by the Canadian Metal Mining Association and I said this:

> Another step which should be taken by the government at this time is the introduction of a measure to ease the situation for some of the base metal mines by amending the regulations granting a three year tax exemption to a new mine, in a way which would make it possible for a mine to elect to defer its tax exemption for 1958 and to carry it over to the end of the normal 36 months' period. This question was brought to the attention of the government by the Canadian Metal Mining Association and in proposing such an amendment the association submitted the following argument.

And then, I quoted what the association said:

> Some dozen mining companies, operating within the first three years of commercial production, find themselves in the position of having to decide whether or not to close operations as a result of the fall in base metal prices. It is felt that such an amendment as proposed would induce such companies to remain in operation and to retain the services of their employees at a time of seriously mounting unemployment throughout Canada.

And this, Mr. Speaker, without the government having to lose a single cent. It would be sufficient to extend by twelve months the period during which a mine can benefit from that legislation which has done so much good to our industry and which has not only allowed but encouraged exploration work and the production of huge quantities of metal. In addition, it has meant some revenue for the government in the form of personal income tax and corporation income tax. The Minister of Finance made no mention of it in his budget. He possibly thinks that it is a matter of minor importance. It may be also that he intends to

introduce an amendment to the act. In my opinion, he would make a mistake by doing nothing. I repeat that it would not deprive the government of any revenue. It is simply a matter of delaying for a period of twelve months the payment of taxes by mines that have benefited from an exemption during a period of 36 months.

Secondly, the government could also avoid the adoption of measures of protection which could incite our best customers to retaliate when they feel that they have been wronged by a policy such as, for example, higher tariffs. This is very important, for Canada is particularly vulnerable to any reaction along that line on the part of the nations which are normally our best customers.

Thirdly, by increasing the subsidies, if necessary. Nobody likes to receive subsidies. No one dares insist on getting some from the government. However, when it is necessary, the government should not hesitate to increase these subsidies.

The coal mines of Nova Scotia are in a very serious situation. In fact 9,000 men will have to take enforced vacations until the end of September. It is possible that some of these mines will close down indefinitely. There is food for thought in that, especially in view of the fact that prior to June 10, 1957, and prior to March 31, 1958, the present government had given a very firm commitment to the people of Nova Scotia, promising that there would be no work stoppages in the mines during the following months. However, these people now see that, in spite, perhaps, of its good intentions, the government has been in no position to carry out this very solemn promise.

There would also be another way for the government to help the mining industry in a more material way, and it is this.

The government could also do a great deal for the industry through the Department of Mines and Technical Surveys. It could, for instance, accelerate research, geological surveys, map making and geophysical surveys.

Finally, it could put within the reach of producers more economical processing methods, facilitate the sale of their products by finding new uses for those products and also put within the reach of prospectors and exploration companies more advanced and detailed basic data. In this field, it would be advisable to supplement the capacity of the provinces which, more often than not, do not have the technological facilities of the federal government.

Professional officers and technicians of the department do a great job with the budget at their disposal. It would be advisable to raise considerably the amount of money voted each year for the department of mines and technical surveys.

(Text):

Miss Margaret Aitken (York-Humber): Mr. Speaker, first I want to congratulate the Minister of Finance (Mr. Fleming) not only on his budget but on his presentation of it. It seems to me that this budget was presented in about as clear a way as I ever heard a budget presented. Certainly, it was clear to those who are not initiated in the complexities of finance. I notice that no name has been given to this budget, no catch-name. It is true the financial spokesman for the opposition tried to introduce the phrase "the blue budget". It did not seem to me it caught on, either here in the house or with the press. Speaking for myself, Mr. Speaker, I rather favour this phrase "the blue budget", because it is certainly my favourite colour. It is a clean-cut colour. It is an accommodating colour in that it suits everybody. It seems to me that the blue of the sky certainly always augurs well for fine weather ahead. I am quite happy to call this "the blue budget".

One reason for my approval of this budget is that it seems to me it has corrected a great many injustices that do not particularly affect powerful people but that affect the little people who perhaps have not got pressure groups to speak for them. The first injustice that was corrected was concerned with the exemption of the estates for widows. In the past there was a $50,000 exemption on an estate of $50,000 or less, and if the estate was more than that were was a $20,000 exemption for the widow. This seemed to me to be a gross injustice, and now it has been corrected. There is a true exemption of $60,000 for a widow, plus $10,000 for every child under 21. I know the minister has received many suggestions with regard to this matter of amending the estates act, but I believe that one brief that has been presented to him from the national council of women contains a clause which it seems to me has merit. Perhaps other organizations have submitted the same suggestion. It is a suggestion for adjustment in regard to pension benefit. I should like to put this particular clause on the record.

When pension benefits are included in the value of a taxable estate passing to a widow for children of the deceased, an allowance should be made for

subsequent income tax payments in order to avoid double taxation. The amount of the allowance could be calculated in accordance with the life expectancy of the widow. The present value of pension benefits or annuities is calculated on the number of years or life expectancy of the widow in such instances. If a deduction be allowed on account of succession duties for income tax that would be paid over this number of years, then the problem of double taxation would be alleviated to some extent. In preference, it is submitted the method of taxing such annuity and pension benefits when they were received would be more equitable than the present method of calculating the present value of the annuity, or pension fund. Then the widow would pay tax on only what she actually receives and not on what she might receive.

I hope the Minister of Finance will give consideration to this suggestion.

Another injustice that has been corrected in this budget concerns a husband's tax exemption. In the past, if a wife's income exceeded $1,000 the husband's exemption immediately dropped by $250 for his income tax. Now if a wife's income is $10 over the $1,000, the decrease in the husband's exemption is only $10 instead of $250.

One former injustice that has been brought to my attention many times by constituents and which, I in turn, brought to the attention of the previous minister of finance, concerns the husband and wife who are separated. The former minister agreed this provision was an injustice, but he did nothing about it. When there is no divorce or written separation agreement, but where a court order exists directing the husband to pay so much to his wife and dependents, then husband can now deduct the amount paid for such support and the recipient, his wife, as I understand it declares the allowance in her income and deducts for the dependents. This seems to me to be a fairer method than that which was formerly used.

The promised amendment which will permit corporations to make tax-free gifts up to 10 per cent of profits is another good move on behalf of charity and universities. The Minister of Finance has said that he hopes this amendment will swell the flow of funds to the support of higher education in Canada. I believe that the time has come when industry must shoulder more responsibility for the support of higher education, because certainly industry benefits greatly from the products of our universities and benefits from the scientific discoveries, benefits through the supply of trained personnel, benefits in greater production. Industry should, therefore, shoulder part of the burden of higher education. I hope that, as a result of this added incentive, tax-free gifts up to 10 per cent of the profits, industry will accept the challenge and take up its share of the financial burden of higher education.

[Miss Aitken.]

Yesterday, in the Toronto *Globe and Mail* it was pointed out that so far corporations had not taken full advantage of even the 5 per cent limit and that $9 million was given last year to universities by corporations. The editorial goes on to say:

Universities are indeed an investment. They are an investment in the nation's future; and as such they are a national concern, deserving of national support.

I would like to make another suggestion to the Minister of Finance also with respect to the subject of education which I hope he will consider. There is another injustice which I would like to see corrected in respect of the youth of today. Their industry and energy are being penalized to a certain extent. A boy or girl may earn $950 per year for the purpose of their education, but in respect of any sum over that amount their father will immediately lose part of the deduction he may claim for that child as a dependant. I believe a boy or girl should be allowed to earn at least enough to cover their university fees, which $950 will certainly not do. They should certainly be able to cover their fees and the cost of their books before the father is excluded from claiming them as dependants.

Another matter which I would like to draw to the attention of the minister is one which I am sure he will recall came to light several years ago. This is a particularly ridiculous situation, in respect of income tax deductions, which was brought to the attention of the former minister of finance but he merely produced a lot of legalistic arguments and nothing further was done. I refer to the situation in which a man whose wife was so ill that it was necessary for him to hire a full-time attendant to look after her, made a claim for the salary of that attendant, but the deduction was refused. This was in spite of the fact that the doctor had said the wife was in fact bedridden. As it turned out, the wife had got up for a couple of hours during the afternoons to sit in a rocking chair, and according to the act, if she had sat in a wheel chair the exemption would have been allowed as a full deduction for a full-time attendant. I hope the minister will also rectify that nonsensical situation in the not too distant future.

In conclusion, I would like to commend the minister for removing the 20 per cent advertising tax on foreign magazines published in this country. As we of the Conservative party pointed out when the tax was imposed by the former government, this was a discriminatory tax and was an infringement on the rights and freedom of the press. It was an irritating tax because it interfered with the public's choice of reading matter and it was also a nuisance tax. As the minister pointed out when presenting his budget, when we were on the opposite side of the house we repeatedly warned that this tax would prove to be both unjust and ineffective. Experience has confirmed our view, and one reason why it was ineffective was because the burden of the tax—as is the case in most taxes—fell on the consumer. This was because the magazines immediately raised their advertising rates and also the price of the magazine and, as usual, the consumer paid the shot. I hope that these magazines which raised their prices will remove the increase now that the tax has been removed and that the retail price will resume its former level.

I am an enthusiastic booster of our Canadian publications and I believe that they take a place second to none in relation to magazines across the border. I think they are doing a fine job in interpreting the Canadian scene and the Canadian mind and I am sure that no one in this house wants to see them suffer unduly from unfair competition but, a discriminatory tax—no matter what the reason for its imposition—is, as the minister has said, unjust and is bound to be ineffective.

Mr. M. W. Martin (Timmins): Mr. Speaker, after the hectic events of the past thirteen months it is sometimes rather difficult to realize that so many of us are still relatively new members of this house. This has been particularly brought home to me in the last few days, since this is the first budget of which I have had the opportunity to witness the presentation.

I learned while very young that one of the most dangerous things one can do is to disagree with the ladies but unfortunately I find myself in that position, for I must disagree with the hon. member for York-Humber (Miss Aitken). I had in mind her comments to the effect that the budget was very clear to all new members, but I must say that I have spent considerable time in studying and trying to understand this budget. I am afraid I have had to reach the conclusion that it is very much like the popular song of a few years ago entitled, "Crazy Mixed-up Song".

One advantage of speaking rather late in a debate of this kind is that you have the opportunity of listening to many other members as they present various points in the budget which may have escaped your attention, with some of which you will agree and, of course, with some you will disagree. I was quite interested, for example, in listening to the hon. member for Compton-Frontenac (Mr. Stearns), who is a new Conservative member of this house and who represents the riding in which I was born and raised in the eastern townships of the province of Quebec. I must say that times must be getting really bad back in the eastern townships because I left there in the year 1934 and never since that time have they had to resort to the election of a Conservative member. I might say that the Tories were instrumental in chasing me out of my home town in 1934—

Some hon. Members: Hear, hear.

Mr. Martin (Timmins): —and perhaps I should return the compliment and try to reverse the position.

One thing that appears to be very prevalent among members on the government side is the accusation that the Liberals frittered away our markets. I hold no brief for the Liberal party, in fact they are far too much like the Conservative party to suit me and, as I have mentioned before, in that part of the country from which I come they run on the same ticket. However, I would like to know just what markets prime minister Bennett bequeathed to the Liberal party which they frittered away over the last 22 years. This is something which has to my knowledge never been explained by any member from the government side.

Another theory which is creeping in a little more than it did last year, particularly in speeches of hon. members of cabinet rank, is that the blame is being slightly shifted and now we find the lately discredited Liberals are no longer to blame for our hard times and recession and so forth. We find the blame is moving a little more towards the United States. The United States is the big bad bogeyman at the present time and I would forecast that this trend will continue and increase as time goes on. The Tories, of course, like Caesar's wife, must always be beyond reproach.

The hon. member for Portage-Neepawa (Mr. Fairfield) did clarify one point for me when he spoke recently. This was in respect to the fact that you can now deduct the cost of eye glasses from your income tax.

I think I have finally found one reason why this particular measure can be justified at this time, and it is because of the extremely high cost which must have been entailed by members of the Conservative party in buying eyeglasses in the last few months. To begin with, they all had to get one set of dark glasses to present themselves being blinded by "the vision" and then, just before the introduction of this new budget, they had to get themselves a pair of rose-coloured glasses so that they might be able to look on it with favour.

I was interested to find that we have finally got one man who, after 22 years or so, has had the courage to stand up and say he is proud of the former Bennett government. That is something which the hon. member for Carleton (Mr. Bell) has done, and maybe it is setting a new trend.

(Translation):

Mr. Speaker, I would like at this time to compliment the hon. Minister of Finance. He made a particular point of deviating from what he says has been a tradition of this house.

I am referring, of course, to the incident where the hon. minister proceeded to give part of the budget address in the French language which, happily, he speaks flawlessly. I would like to compliment the minister both on the new practice which he has adopted, and also on the ease and dispatch with which he spoke in the other of our two official languages in this country.

However, it was perhaps unfortunate that he should have chosen such an unhappy budget as this one, to establish the custom of presenting it in both languages.

I know of many words which the hon. minister could have used at this time which would have gladdened the hearts of the Canadians who speak the French language. Nothing is nothing whether it is said in French, English or any other language, and that is exactly what the Minister of Finance has offered the Canadian people.

For example how much better would it have sounded to the French-speaking people of this country if the finance minister of Canada had chosen the occasion of the first budget speech in French to announce that the basic income tax exemption had been raised to $1500 for single people and $3000 for married couples, in order for people on low incomes to try to meet today's cost of living.

How much sweeter it would have sounded to our French-speaking families, as they struggle to make ends meet, if the minister had taken the occasion of the first budget address in the French tongue to announce that the children's allowance was going to be increased sufficiently to give it the same purchasing power it had when first implemented in 1945.

I overheard one hon. member say that this was the first time in the history of the Canadian parliament that we had been granted a deficit in French, and all in all the fact that it was given in their mother tongue is a very poor candy coating for such a bitter pill.

Let us hope that the next time the hon. Minister of Finance proceeds to give a budget speech in French, that it has some good measures in it, rather than just good words.

(Text):

I believe this budget was one of the best examples of a political step dance, the like of which has never before been seen in this house. I suggest that on future occasions, if the budget follows the pattern of this one, we should put the Minister of Finance (Mr. Fleming) on the table so that even though we might not agree with his words we might at least enjoy the political dance he is putting on.

Now on page 1231 of *Hansard* the minister used these words with reference to the rapid increase in the population over the past few years. He said, and I quote:

> It provides a greater market for our agricultural produce and for the products of our factories and reduces our vulnerability to changes in external demand. It brings us a greater diversity of talent and the means of employing it to better advantage. It reduces the per capita cost of supplying essential services in this great land. There can be no doubt that the population growth of the postwar period has had these effects.

I should like to know, if this growth in population has reduced costs how it is that today we are burdened by the highest cost of living we have ever had in this country. I will simply say that this is one of the illusions of this society of ours. This is the theory. But this theory has never worked out in practice. Unfortunately in this country cost of production has never had any close relationship with the cost which consumers have had to pay. The only relationship is that established by what the traffic will bear.

I should like to give just one illustration of what happened. Everyone will recall the last big steel strike in the United States just over a year ago. After the strike had gone

on for approximately three weeks a settlement was reached, I believe, in accordance with which the cost of fringe benefits, pay increases and so forth amounted to a package deal of approximately 30 cents an hour, which, multiplied by the numbers of steel workers in the United States, meant an increase in steel costs of $4,500,000 a week. What happened? The price of steel was raised by $6 or $8 a ton—I do not recall which—with the expressed purpose of meeting these additional costs. But the increase in the price of steel meant the difference of $17 million a week. I would say this is a perfect example of what actually happens, regardless of what the theory may be.

The Minister of Finance referred glibly in passing to the rapid growth at home of population and income. I believe the figures show that the population has increased, but in the light of the number of unemployed we had at the end of last year I doubt if he could convince very many people that the growth in income had kept pace with the growth of our population. As a matter of fact, if there has indeed been such a rapid growth in income how is it that the minister himself forecasts a reduction of income tax receipts next year of $129 million in spite of this rapid growth of population. The figures are contained in the table on page 1241.

Again, I find on page 1232, a brief statement by the minister:

> Transfer payments especially rose rapidly and for the latter half of the year they were an important element in sustaining and increasing personal income and consumer demand.

It is gratifying to note that the minister has finally agreed with the theory long expressed by our party that income placed in the hands of the disabled and unfortunate people of this country has a marked effect in sustaining and increasing consumer demand. In other words, it is better to place this money in the hands of the people who need it and who will spend it in such a way as to bolster our economy, and I am glad that the Minister of Finance in his address endorsed that theory.

Again, on page 1233, we find another small item which the minister passed over very briefly. He said, and I quote from *Hansard*:

> There was some weakening in the demand for forest products.

I would say that that is probably the greatest understatement which has been made here for some considerable time. I know that, in the area from which I come, the lack of demand for forest products is responsible for about 90 per cent of the unemployment. I should like to know because I searched in vain in the budget to find if any steps have been taken or if any action is contemplated by this government to restore the lost markets for forest products. I believe it was the hon. member for Restigouche-Madawaska (Mr. Van Horne) who discovered some of the reasons why we have lost these markets. Certainly one of the major ones was the fact that countries which used to purchase from Canada now send their orders to Russia and the amazing part of it is that they pay more for the Russian product than they did for the Canadian. The explanation for this change in the placing of orders is because these countries could not secure a guaranteed delivery from Canada. As soon as a slightly more lucrative market developed somewhere else in the world Canada dropped the commitments it had with its established markets in order to make a fast dollar in a short period of time. Today we realize the folly of those actions.

In the budget speech of the Minister of Finance we find evidence of another fast shuffle on page 1233 of *Hansard* where he is reported as saying:

> Wheat sales although lower for the year as a whole began to pick up in the last quarter and since December they have forged ahead on a year-to-year comparison.

I would like to know how many years we compare; one, three or five? Before proceeding to the subject of unemployment as referred to in the budget I recall to mind that yesterday the hon. member for Saint John-Albert (Mr. Bell) chose to place some poetry on the pages of *Hansard* and I should like to follow his example to the extent of placing on the record a few verses which in my view have a direct relationship to the present attitude of the government with regard to unemployment. These words are contained in the famous poem by J. D. Ketchum entitled "Hymn to the Glory of Free Enterprise" and the verses I wish to cite are as follows:

> At periods when Free Enterprise may not provide employment
> We dread the thought of hungry men—it lessens our enjoyment;
> The government must then step in, with this consideration:
> That any public works proposed do not increase taxation.
> Depressions, after all, my friends, much as we deplore them,
> Are acts of God; who ever heard of blaming business for them?
>
> *Chorus*:
>
> Then hail we now Free Enterprise,
> Extol and give it praise!
> Of course, when profits shrink in size,
> To lay men off is only wise;
> We dearly love Free Enterprise—
> But only when it pays.
> Conspirators on every side Free Enterprise have slandered,
> Forgetting that it's given us the world's best living standard;

We eat and drink supremely well at Royal York and Rideau,
And no one drives more Cadillacs or bigger ones than we do.
How blind the socialist who plots this way of life to shatter!
Free Enterprise brings wealth to all—at least, to all who matter.

Chorus:

Then hail we now Free Enterprise,
Extol and give it praise!
The working man must recognize
That, if in want he lives and dies,
It's just his lack of enterprise—
The enterprise that pays!

At page 1233 the Minister of Finance is also reported as saying:

The reduction of the pressures and demands which characterize 1956 led to a mood of greater caution with regard to new capital ventures and was reflected in a declining rate of increase in job opportunities.

What a delightful euphemism for recession or depression. The minister required four lines and I do not know how many words to say what could have been said in one word. This is just another shining example of this doubletalk the minister employed throughout the budget address. Every situation has been twisted around in an effort to give it an optimistic slant.

Throughout the budget speech we find a strange maze of comparisons. In one case we compare one month with another, in another case we compare the same month with the previous year and in another case we have to go back to 1954 in order to find a favourable comparison. The minister must have used rose-coloured glasses, tax-free, in preparing his budget and in drawing what he fondly hopes is a favourable picture of the situation in Canada. It is small wonder that the budget was delayed last year and not brought in until now.

The minister went on to say as recorded at page 1233:

For 1957 as a whole the number of people with jobs averaged 135,000 or 2.4 per cent higher than in 1956, an increase which compares quite well with the increases in employment during 1955 and 1956.

In this instance we have a comparison between 1957, 1956 and 1955. Another choice item in the minister's address is this:

The labour force increased by 210,000, about double the average annual rate of the preceding five years.

In this instance the minister had to go back five years in order to find a favourable comparison. Then we find this gem:

As employment was higher through 1957 than through 1956, so also was unemployment.

What a beautiful way of expressing it. I do not know how much comfort it is going to give the unemployed to know that while there are more of them, the unemployed, there are more of us, the employed. In fact, one hon. member of the cabinet said just yesterday, I believe, that the unemployed in Windsor do not have too much to kick about. He said in effect, "Look across at Detroit and you will really see some problems." When he said this I was reminded of a sergeant by the name of Pat Patterson whom I knew in my army days and if the minister had spoken in jest I would have understood him. The sergeant of whom I am speaking was in the habit of indulging somewhat excessively in alcoholic beverages in the evening with the usual bad results in the morning. When the men would appear for sick parade he would ask what the trouble was and chided them by saying, "Do you think you feel bad? How do you think I feel?" That seems to be the attitude that was taken by the hon. minister yesterday, "If you think you are badly done by you should look across the street and you will find guys worse off than you are."

At page 1234 the minister was reported as saying:

From October to December there was a pause in the upward movement in aggregate labour income, although for the year as a whole the rise in labour incomes amounted to 7½ per cent, but early in 1958 the upward trend in aggregate labour income reasserted itself.

On page 1233 these words of the minister appear:

—in January, February and March of 1958, employment was slightly lower than a year earlier.

This is possibly the best example yet of the minister's twisting around of situations in order to present them in the best possible light. I have taken the trouble to check the figures. The information I received expressed in round figures is as follows:

October	208,000 unemployed
November	292,000 unemployed
December	286,000 unemployed
January	520,000 unemployed
February	555,000 unemployed
March	590,000 unemployed

Despite this the minister told us that early in 1958 the upward trend in aggregate labour income reasserted itself. The minister went on to point out:

As a percentage of the labour force, unemployment in 1957 averaged 4.3 per cent, equalling the rate of 1954.

I do not know why 1954 sneaked in here, but I presume the only reason for it was that we had to go back that far before we could find anything that looked good even through rose-coloured glasses.

The minister has some sobering news as to the amount we are going to be required to borrow in the coming year. I should like to

draw to the attention of the house something that seems to come close to the amount that we are going to be required to borrow. According to the minister's figures, the average number of unemployed in the whole of last year was 254,000 people. If we multiply this number by the average annual wage in this country we find that it amounts to in excess of $750 million. This amount has been lost in production because our people have been unemployed.

It is also safe to say, Mr. Speaker, that the minister used the most favourable figures he could find to arrive at the average of 254,000. I think anyone would have done so in his position. It is also safe to say that to get a proper grasp of the over-all picture we could very easily triple this figure, if we took into account the number of people who are not registered, who never appear in those statistics, and combine them with the number of people who have been working less than full time. If we tie those together we find that the loss of production in this country through unemployment will amount to just about the figure that we are going to have to borrow in the next year.

I should like to add this. We must not forget that the first six months of last year were the favourable months, the ones that brought down the average to 254,000, but we have no such thing to look forward to this year. If the first six months of this year are the favourable months heaven help us next winter.

Then we come to another item that I find very difficult to understand. It has to do with savings in this country. The minister said:

> Nevertheless the total savings out of current income were almost as high as in 1956 and amounted to about $6 billion. Personal savings was down about 5 per cent and accounted for almost one-quarter of total saving.

I find that very strange because when I was home last weekend I picked up a full-page advertisement in the Timmins *Press* which contained a quotation from the Prime Minister's (Mr. Diefenbaker) address to the Canadian congress of labour convention in Winnipeg on April 24, 1958. I was at that congress convention as a delegate when the Prime Minister addressed it. I do not remember what he said word for word and I have not been able to acquire a copy of his speech to verify this, but this is what the Prime Minister is reported to have said:

> I would like to see started an aggressive buying drive to put money into circulation. Bank savings are up by 5.6 per cent over a year ago.

There may be a difference between bank savings and personal savings but I would assume they would be one and the same thing or pretty nearly one and the same thing. I wonder whether the Minister of Finance and the Prime Minister could get together and iron out this difference of 10.6 per cent in their analysis of the savings situation in this country, because the figures of the Minister of Finance indicate that $26.5 million has disappeared some place. To return to the remarks of the Minister of Finance, I find that he said:

> Pressures generated in 1956 did not have their full effect on prices until 1957. Thus, the consumer price index which began to rise in mid-1956 continued upward until last October, and experienced another short period of increase in the first four months of this year.

Here again we have our favourite whipping boy. We find that the Liberals are still to blame not only for the delayed effect of the pressures generated last year but also for the effect we are experiencing at the present time. I would think it is time to get a new whipping boy or try to do something to put a stop to this everlasting rise in the cost of living.

I should like to deal with another matter which appears to be the cure for something, I do not know just what. I should like to read from the same newspaper to which I referred a moment ago, namely the Timmins *Press* of Thursday, June 19, 1958, which contains a telegram from the Prime Minister to the chairman of the Timmins automobile dealers association. The telegram reads:

> Congratulations to Timmins automobile dealers, the daily *Press* and radio station CKGB in starting "You auto buy now" sales campaign in response to my suggestion that more buying will stimulate business. Best wishes for success in your campaign which I hope will be duplicated across the country.
>
> John Diefenbaker.

Of course, the reply is on the back page of the Timmins *Press* of June 21, and reads as follows:

> O.K. John.

I find a very strange thing, Mr. Speaker; at the bottom of the advertisement in small print appear the following firms:

> The following finance companies have pledged their support to this campaign:
> Industrial Acceptance Corporation Limited
> Canadian Acceptance Corporation Limited
> Traders Finance Corporation Limited
> General Motors Acceptance Corporation

I do not know whether the savings are up 5 per cent, as the Prime Minister is supposed to have said, or whether they are down 5 per cent as the Minister of Finance has said. This is definitely not something that we should have sent across the country. The Prime Minister of Canada should not be used by the finance companies to try to rope in a few more people. If the Prime Minister has not done anything about it I suggest that he should. If the Prime Minister of this country is to be used as a selling feature from

coast to coast he may find that he is something like a tune on the hit parade, which is used by every disc jockey in the country. Like these tunes he may soon find that he will drop from the top ten.

The planned outlays for business this year will be 11 per cent below the 1957 level; the planned outlays for housing, government departments and institutional services on the other hand are 14 per cent higher, according to the minister. I believe these words are meant to be reassuring to the house and to the country as a whole, and are meant to try to establish the fact that one more or less balances the other. Unfortunately, I could not find any figures anywhere to tell me what the 11 per cent and the 14 per cent referred to; 11 per cent of what? fourteen per cent of what? As a result, I for one do not find any comfort in those figures.

At page 1327 of *Hansard* the minister said:

> I am confident that with more stable rates of growth and the increased production which will flow from our recent large investment we shall have the capacity, to an increasing extent, to meet our investment needs more nearly out of our own resources.

I thought it was rather strange that we have here again another new and very deceiving word for a recession. Now it is a more stable rate of growth.

I should like to take this opportunity to compliment the Minister of Finance on giving some assistance to the gold mining industry. However, before going too far in that direction I should like to have some assurance as to just what form the assistance is going to take. When the minister dealt with the matter in his budget address he said, as found on page 1239 of *Hansard* of June 17:

> The serious problems of adjustment confronting this industry, going back as far as the war years, have adversely affected the northern mining communities which are dependent on it.

That is quite true, and as long as the purpose of this subsidy paid by the Canadian people is to render some relief to the gold mining communities I will give it 100 per cent support and co-operation. Unfortunately, however, the minister went on to say:

> It is my hope that this measure will contribute to maintaining the level of gold production in Canada and in this way promote the well-being of our northern gold mining communities.

That is an entirely different thing, Mr. Speaker. It may seem possible to expect that a chip thrown in a little brook will wind up at a wharf in Montreal but unfortunately such is not the case. There is not more than one chance in a hundred million of that happening. We had a good example of that when the price of gold was increased the last time. I believe the price was increased from $20 odd to $35 an ounce and at that time the gold miners received an increase of 5 cents per hour.

Mr. Nasserden: I wonder whether the hon. member would tell us how much a gold miner gets an hour at the present time.

Mr. Martin (Timmins): The base rates in the gold mines at Timmins are as low as $1.19 an hour.

Mr. Nasserden: How high do they go?

Mr. Martin (Timmins): The highest is $1.39 an hour.

Mr. Winch: That will shut you up, won't it?

Mr. Martin (Timmins): I realize that many aspects of gold mining administration come under provincial jurisdiction, especially matters having to do with the workmen's compensation board and so on, but I believe that when gold miners are required to subsidize the industry twice through the federal government the federal government definitely has the authority to step in and try to correct matters. The miners are subsidizing the industry first of all through substandard wages as low as half of what men are getting for similar work in other industries. In addition, I should like to outline a case that came to my attention last week end. It has to do with the widow of a miner who for eight years had been on a full pension of $187 a month for silicosis. One lung was completely blocked and the other was badly damaged. On March 24 of this year he died of a coronary heart attack at the breakfast table. His widow was immediately cut off without one cent of pension because he did not die from silicosis but from a heart attack.

Mr. Deputy Speaker: Order. It is with regret that I must interrupt the hon. member but his time has expired.

Mr. O. H. Phillips (Prince): Mr. Speaker, my first words must be words of congratulation to the Minister of Finance (Mr. Fleming) for the budget and his excellent presentation of it. Seldom does one hear such a factual explanation of the difficulties and problems facing a government. The minister made no effort to gloss over the problems of recession, and if all Canadians would take as frank a look at the economy it would go a long way to easing our problems.

The hon. member who has just spoken referred to the various coloured glasses used and the exemption on eye glasses announced in the budget. I can understand his concern because as a typical socialist he keeps his eyes closed to the problems of today and therefore will not require glasses.

The hon. member for Kenora-Rainy River (Mr. Benidickson), the financial critic of the official opposition, had to find something wrong with the budget. After advocating a number of so-called cures that his party used to precipitate the recession, he complained bitterly that the budget did not cure the recession. If the Minister of Finance could repair all the damage that the hon. member's party managed to cause he would rank as the world's outstanding plastic surgeon but unfortunately the wounds and scars left by the former Liberal administration do not heal that easily.

I find it rather strange that hon. members opposite should take the attitude that the budget is expected to be a cure-all for the economic ills of the country. Budget debates as recorded in *Hansard* reveal that when they sat on this side of the house they had an entirely different viewpoint. The debate of 1954 shows that no less a person than the former member for Inverness-Richmond adopted such an attitude at that time. As found on page 4017 of *Hansard* of April 12, 1954, the former member said:

> —it is true that a surplus or a deficit is neither necessarily good nor bad in itself, but derives its virtue from its accommodation to the need of the economy. Of recent origin also is the belief that the budget can be used as a defensive and offensive weapon in maintaining balance in the economy.

It is interesting to note that the budget debate also contained a great deal about unemployment. Hon. members will realize that the former member for Inverness-Richmond is still held in high regard by the Leader of the Opposition (Mr. Pearson) who recently placed him in Liberal headquarters as a combination spiritualist and script writer for the melodramas originating from their part of the house.

I am very pleased that the government has embarked upon a program of public works and defence spending to put more money into circulation and to provide jobs. Formerly the government was very economy-minded and was striving to attain a balanced budget, but I am pleased that they have chosen a deficit and jobs in preference to a balanced budget and recession.

My constituency is well represented in the estimates of both the public works and defence departments, and while I sometimes get impatient that these projects are not progressing more rapidly one must remember the huge amount of work involved in preparing plans, tenders and the calling of tenders. Recently I called officials of the Department of Public Works to inquire when tenders would be called on a project in my constituency. I was impressed by the amount of work being done by the senior officials of the department.

The budget speech also forecast a higher deficit for the C.N.R. in the present fiscal year. This fact, plus the increased wage demands being put forward by C.N.R. employees should cause all hon. members to be greatly concerned about the future of the C.N.R. This is especially true of maritime and western members. It was expressly written in the terms of confederation that a railway was to be constructed and it was clearly understood that the cost of rail transportation was to be reasonable.

At the time of confederation most of the transportation was by water and moved in a north-south direction. The railway was built to encourage the movement of trade in an east-west direction, and it was understood that rail transportation would be at reasonable rates and competitive with water transportation at all times. Freight rates have increased to such an extent that any resemblance to water competition has been lost. The maritime provinces were pleased when this government disallowed the last increase in freight rates. However, we would still appreciate a thorough study of the freight rate problem and further reductions.

Perhaps some improvement in Canadian National operations could be achieved by restoring to parliament a certain amount of control over that railway. I am sure that all hon. members of this house have received complaints from the public with regard to the Canadian National; that is only natural because the public feels they own the Canadian National. However, when a member passes on these complaints he runs into a blank wall and the reply that the Canadian National is independent and out of the control of parliament. Frankly, I am rather tired of these stock answers that the Canadian National is independent. If any organization that is independent of this house is allowed to run up a deficit of over $2 million per month, then that organization should be required to go elsewhere to make up that deficit. I do not think I am alone in this view. A number of hon. members on this side of the house have expressed the same view.

I have one more comment on the Canadian National, and then I shall move on to other aspects of the budget. We hear a great deal of talk in this house concerning reductions in the staff of the Canadian National. Strangely enough we never hear this talk in connection with the employees in the higher income brackets. If this were in

private industry I think they would find it necessary to dispense with some of those in the higher income brackets.

Transportation is extremely important to my small province, especially transportation across the Northumberland strait. Recently the government authorized a survey to determine if a causeway linking Prince Edward Island with the mainland is feasible. The survey, in itself, has certain advantages, but I am afraid it has thrown a smoke-screen over our immediate needs. A traffic to our province and through our province has been satisfactory and has been increasing over the past number of years. The facilities we have now are taxed during the rush periods. It is often necessary to be in line for as long as six to eight hours on a holiday. Let us assume that a causeway is feasible, and no one who is an authority on the subject has said that a causeway is feasible, but if it were it would require several years to complete. I do not believe it is an exaggeration to say it would require ten years to complete the causeway. It is logical also to assume that our present load of traffic will continue to increase. This will leave our province in greater transportation difficulties.

I would urge the government to give consideration to placing another ferry on the Borden to Cape Tormentine run. If a causeway is built later on, then the ferry could be used as an icebreaker or could be put into service on some other run such as the Bar Harbor service. I would not like my remarks to be interpreted as being opposed to the causeway. All the island members are anxious to receive the report on the feasibility of the causeway.

While on the subject of transportation, perhaps I should say a few words about roads. I believe the day has arrived when the federal government will have to consider giving aid to provinces in connection with the construction of highways. This could be achieved, either through an extension of the trans-Canada highway policy or through giving assistance on main highways other than the trans-Canada. The main highway through my constituency is in a deplorable condition. I should like to see federal assistance given for rebuilding this highway, either under the trans-Canada highway plan or through the roads to resources program.

It was very gratifying to the maritime provinces to learn that the roads to resources program was to be extended to the maritime provinces. We were all pleased when the Prime Minister (Mr. Diefenbaker) announced in Halifax in March of this year that tourist areas would be considered as natural resources in the maritime areas. This is another example of the interest shown in the maritimes by the present Prime Minister and his government. We are all pleased that this attitude and assistance continues.

The opposition has complained that dominion-provincial relations were forgotten in the budget. It will take some time for the people of Prince Edward Island to forget the dominion-provincial relations of the Liberal administration. If I may offer some advice to hon. members opposite, it would be simply to keep clear of the subject of dominion-provincial relations because their own record in that regard was anything but satisfactory. Before the election of June 10 our provincial government was required to repay a considerable sum of money as the result of overpayments under the tax rental scheme. The provincial premier, accompanied by a couple of the cabinet ministers, came to Ottawa to request the cancellation of the overpayment. Naturally they did not receive that, but they came back home and said they had received generous treatment.

Immediately after the election of the Progressive Conservative government the provincial government decided they needed an additional $5 million in order to finance provincial affairs. Last fall this government awarded our province $2.5 million annually under the special grants to the Atlantic provinces. In addition to that, $1½ million will be offered under the roads to resources program. This makes a total of $4 million more that is available to our province than was given to it under the former government. It is amazing that those who specialized in being indifferent, inefficient and inconsiderate have now become the experts in dominion-provincial affairs. We in the Atlantic provinces all prefer the so-called neglect we are receiving from this government to the affection that was shown to us by the former government.

The budget intimates that some payments will be required under the farm prices stabilization act. I hope that considerable payments will be made to the farmers under this act. I know that the minister is faced with many problems in setting up and administering the act and in attempting to arrive at payments that are fair to all concerned. We should give the hon. gentleman some time to solve his many problems before we become too critical.

However, I think it would be only fair to warn him that the farmers of Canada expect and are entitled to something better than the type of slide rule thinking which was formerly characteristic of, and I am sorry to say is still exhibited by his department. I would hate to see this government spoil its record

by destroying the trust which any class of Canadian, especially the farmers, has placed in it. I am sure all hon. members will watch the Minister of Agriculture (Mr. Harkness) as he moves to implement the policies of his government as contained in the farm prices stabilization legislation.

In my own constituency the main farm product is of potatoes. Last year we had an extremely heavy crop of potatoes and although we sold more than in any previous year, a large portion of that crop remained unsold. The potato growers approached the farm stabilization board for assistance and I must confess I am somewhat disappointed in the assistance offered to them. I believe a new approach is imperative with respect to assistance to farmers and I feel the stabilization board must make some attempt to interpret the spirit of the act as passed through this house.

Last December the Prime Minister proposed to the NATO countries a plan calling for the establishment of a food bank and I hope the member nations can establish such an organization, which would serve a dual purpose. Firstly it would help to counteract communist leanings in the underprivileged countries of the world and secondly it would provide a market for our surplus agricultural and fisheries products. We quite often hear complaints from the hon. members opposite concerning government proposals for greater trade with Great Britain, and during the last election campaign the premier of my province denounced this policy as one creating disaster for our United States markets. We were going to lose our outlet for lobsters and other fisheries products as the result of United States retaliation for this policy. The ballot boxes were still hot when our Grit premier announced that he was going to England along with the other premiers of the Atlantic provinces to stimulate increased trade with Great Britain. He either retracted his prior statement or decided that as one of the few elected Liberal officials left in this country he would be safer on the other side of the Atlantic.

On Monday evening the hon. member for Gloucester (Mr. Robichaud) addressed the house. I must congratulate the hon. member. After representing a maritime constituency for a number of years he has finally discovered that the maritimes are actually part of Canada. This is a rather unusual achievement for one of his political affiliation, and I venture to say he is probably the first Grit since confederation to realize this fact. However, he apparently does not like the idea of national unity as he recommended the establishment of a commission to look after maritime affairs. This commission would not be responsible to parliament but would assume all the responsibilities of parliament. He was probably bringing out the Grit doctrine of destroying parliament.

The hon. member further complains that certain projects of the former government, such as the trans-Canada pipe line, were detrimental to the maritimes. I would like to know how the hon. member voted on that issue; no doubt he was one of the gang working on the railroad. I appreciate his interest and desire to assist the maritimes, but may I suggest to him that he work with us to achieve that objective through parliament and through the Progressive Conservative government.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I have a great deal of personal esteem and affection for the Minister of Finance (Mr. Fleming), and I wish I could honestly congratulate him on the presentation of his first budget in this house, but in view of the situation in which our country today finds itself and the total failure of the government to come to grips with that situation, I must confess I find it very difficult to discover anything in the budget upon which to congratulate him.

True the budget does have some notable features—it is perhaps the longest and wordiest budget ever presented in this house. It also proposes the largest peacetime expenditure and the largest peacetime deficit in the history of our country but, in view of the fact that not only is this budget the first presented by the minister but is also the first Conservative budget for over 20 years, I believe the people of Canada expected something more. This is particularly so having regard to the fact that the budget was so long expected and so long delayed as to be almost nine months overdue. Yet the presentation, when it came, was something of an anti-climax, and I do not think it could be described as either inspired or inspiring.

With respect to the deficit, the budget of course follows the traditional pattern set by the Conservative party over the years. The Minister without Portfolio, the hon. member for Greenwood (Mr. Macdonnell), described the budget the other day as putting into words what everybody already knew, and by that I presume he meant that the budget was not intended to contain anything startling or surprising.

It certainly did not contain any surprises for anyone who understood the financial consequences of the promises and commitments which were made by the Conservative party in the course of the last two elections. It certainly was no surprise for anyone in the Liberal party because we recognized the

economic nonsense which was being talked at those elections and we went so far as to point out to the people of Canada that if these promises were put into effect the financial consequences would be a deficit up to $1 billion. But it must have come as a shock to those people who took the Progressive Conservative platform seriously and who actually believed statements made by the Prime Minister and his colleagues during the two elections to the effect that it was possible to spend more money, collect less in taxes, and balance the budget at the same time.

The Prime Minister and his colleagues in the cabinet travelled the length and breadth of Canada pointing a finger at the Liberal government and accusing it of waste and extravagance and of overtaxing the people, and ridiculing any Liberal who dared point out that you cannot spend more and collect less without going into the red. It must be something of a shock to those people who believed the charge that the Liberals were guilty of large scale waste and extravagance to find Conservative cabinet ministers standing up one after another in this house as they did in the last parliament and admitting that they had not been able to find any waste or extravagance whatever. It must be an even greater shock for them to find the Minister of Finance himself admitting in his budget speech that not only has his government been unable to reduce expenditure as promised but that instead they have actually increased expenditure to the tune of over $200 million. And it must be a surprise to those people who believed that the Liberals had overtaxed them by $500 million a year to learn that all the tax relief they can expect now amounts only to about $200 million, and that in order to provide this relief the country has to incur a deficit of between $800 million and $1 billion.

Over and over again, this statement was made during the election campaign; people were told that families were being overtaxed at the rate of $120 a year. Another variation was that they were being overtaxed by $10 a month, and still another variation spoke of $30 for every man, woman and child in Canada. If that was true then, they are still being overtaxed today by $70 a year, by $6 a month and by $20 per head.

And I think it must have come as a surprise to the Prime Minister himself to discover that his program of increased expenditure which he himself assessed at $300 million at a press conference in Saskatoon on May 27 has generated a net deficit of over $600 million.

Apart from the effect that these surprises may have on the people of Canada, they do give members of this party the comfort of knowing that the predictions which were made by Liberals during the last two elections have now been substantiated.

An hon. Member: What predictions?

Mr. Carter: The predictions that the promises and commitments which were being made would only result in a very substantial deficit.

The budget reveals a very grave situation in that we are faced at the same time with the twin dangers of inflation and recession and I do not think this situation has ever occurred at any previous time in our history. The government and the nation today are very much in the position of old Ulysses running the gauntlet between the floating islands of Scylla and Charybdis and trying to avoid being crushed. Today the country has to steer a course between depression and inflation and try to keep the economy intact as well. I think most of us admit that this is a problem which is beyond human wisdom to solve. Certainly the problem cannot be solved by the government alone. The government has a role to play but it is a very minor one. The major role must be played by the people of Canada themselves and without their full co-operation very little can be done to effect any solution to the problems which now face us. Especially is this true of management and organized labour. A new spirit must be created in our country, one of unity and unselfishness, because the best cure for inflation is to reverse the forces that produce it.

Wealth today is created by men and machines. There was a time when the bulk of wealth was created by man's labour alone. Technological progress has made it possible for more and more wealth to be produced by machines and with the advent of automation we have reached a phase when the bulk of wealth will in future be produced by machines. For many years there has been a constant struggle between management on the one hand and labour on the other for a greater share of the wealth which has been produced in this way. Somewhere there must be a dividing line for what is fair and honest both with regard to profits and with regard to wages. That dividing line can only be found in the spirit of what is actually best for the country as a whole. It can never be determined in the present atmosphere of suspicion and mistrust. Unity and unselfishness are essential and it is the duty of the government to do everything it can to create this spirit and this atmosphere.

I believe it is possible for management and labour to come to an agreement to share the benefits of automation and technological

progress with all the people of Canada. That would involve voluntary freezing of profits and wages and using the extra wealth produced to lower prices because unless prices can be stabilized there is no hope of ever curing inflation. That, I believe, is the greatest danger to Canada today and certainly it is the thing on which our enemies are depending to undermine our economy and weaken our defences. If we can stabilize and reduce prices everybody will win, everybody will be better off and our trade position will be greatly strengthened.

I believe the time has come when the impact of automation on the cost of production and employment makes necessary a complete overhaul of our monetary system. I made this suggestion when the Gordon commission was being set up but a study of the effects of automation was not included in their terms of reference. In a country like Canada with a sizeable increase in the labour force occurring at a time when automation is tending to displace labour at an unprecedented rate we must do everything possible to determine exactly the magnitude of the problem that will result and how it can best be met.

I believe the time has arrived when we must take a new look at our methods of creating new money and of injecting it into our monetary system. What are the effects of our present system of money management? In this connection I should like to ask the minister to tell us what will be the effects of his refinancing of the $3 million or $4 million about which he spoke in the budget. Will this money be taken from the people of Canada or will it be procured through the Bank of Canada and the chartered banks? If the latter course is followed what will be the inflationary effects of this procedure?

I believe we should have an investigation of our methods of determining interest rates. Can money be treated as a commodity and still perform its function as a means of distribution? Is there a better way of regulating the rate of expansion of our economy? Can a way be found in the future to avoid depressions? The best way to avoid a depression is to avoid the boom that caused it and if we are to do that, it is necessary for us to know what rate of expansion is best suited to our markets, to our available manpower, our population increase and our supply of materials. In other words what are the upper and lower limits of our rate of expansion? I believe the expansion of an economy such as Canada's involves control very much like that involved in driving a car. If you drive a car too fast you are in danger of running off the road. On the other hand if you drive it too slowly there is a danger of stalling and blocking the traffic behind you. Somewhere there is a proper and safe speed for the car and there is a proper and safe rate of expansion for our economy.

I would like to see a royal commission or a parliamentary committee set up to study this question. Once this information is available then it should be possible for the government to call together a conference of industrialists, management and labour and map out a long-range program of capital investment for the orderly expansion of our economy. There is no reason why such a conference might not in time develop an integrated system of pensions and social security based on our economy which would replace the one we now have and take it completely out of politics.

If such a planning group could be set up successfully on a national scale I see no reason why it could not be extended to groups of nations such as the nations of the commonwealth and of NATO because we must raise our sights and look forward to a world community of nations if our economy is going to continue to expand and meet the pressures and dangers which await it in the future particularly from totalitarian countries which can utilize all the benefits of mechanization to dump goods on any market of the world without regard either to price or cost. Whatever the findings of such a body might be nothing substantial will be accomplished until a new spirit is created among all the people of Canada.

If it were to be set up, this commission should also study the tight money controversy because it is important that the people should know the truth about this matter. At the present time they do not know what to believe. The present government blamed the former Liberal administration for instituting tight money. Then the present Minister of Finance last session took credit for loosening money. The governor of the Bank of Canada then told us that there was no tight money and later on a group of economic professors criticized him and said he was just quibbling about words and that there had been in fact tight money. Obviously they cannot all be right.

Although the Minister of Finance took credit earlier for easing the supply of money he did admit in his budget address that there was such a thing as supply and demand and that these factors did have some influence on the money market. The story of tight money reminds me very much of a tale that used to be in school books long ago concerning two young boys who found themselves in an argument concerning a lobster. One lad was

the son of a fisherman and he said a lobster was black. The other chap who was the son of a man who sold cooked lobsters claimed that a lobster was red. Just as they were getting into a fight another man came along and pointed out to them that they were both right because the lobster is black until he is cooked and then he turns red. I would think that is pretty much like tight money. There was tight money. There was no tight money for the big fellow; it was only more costly money, but there was tight money for the little fellow who could not afford to pay the high rates.

Mr. Baskin: The hon. member should know all about tight money.

Mr. Chevrier: Why does the hon. member not ask the governor of the Bank of Canada? He told of how it was brought about, and that was confirmed by the Minister of Finance the other day.

Mr. Fleming (Eglinton): Nonsense.

Mr. Carter: Whether there was tight money or not, I think we perhaps have some indication of this when we see the results of the methods used by the minister to refinance the loans, as he proposes doing in his budget. Whether there is tight money or not, there must be a more flexible system to give more protection to the little man.

I would suggest to the Minister of Finance that the operations of the Industrial Development Bank of Canada might be expanded to provide cheap working capital, if necessary, for small businessmen who perhaps might otherwise become the victims of the higher interest rates. At the present time the Industrial Development Bank operates in pretty much the same way as other banks. It is difficult to get any money from them unless you prove that you do not actually need it.

The most discouraging thing about the present budget is that it makes no provision to stimulate our economy and to help cure our unemployment problems. On Friday last the hon. member for Carleton (Mr. Bell) sought to obscure this point by indulging in speculation as to what would have happened had the Liberals been returned last June. Instead of indulging in idle speculation and allowing his imagination to run riot, it would have been much more profitable for the hon. member if he had consulted history and looked up *Hansard* and thereby discovered what actually had happened under a Liberal government in similar circumstances. Had the Liberals been re-elected in June there would not have been any rushing off to have another election in March.

[Mr. Carter.]

Mr. Hodgson: They would have swallowed the C.C.F.

Mr. Cardiff: They would have choked.

Mr. Carter: Had the Liberals been elected at the election in June, this house would have been presented with a budget, a bold, courageous budget such as—

Mr. Fleming (Eglinton): What nonsense! Did Mr. Harris not bring down a budget last year?

Mr. Carter: We would have brought in measures to deal with conditions just as Mr. Harris did once before. We would have done what the minister of finance did in 1954, 1955 and 1956.

Mr. Hodgson: We had one budget.

Mr. Carter: He planned then for a deficit of $160 million, but it was a planned deficit to stimulate the economy of Canada, and he reduced taxes by $148 million. That is one thing that would have happened had the Liberals been returned in June. We could have come to grips with and boldly faced this problem of inflation, and we would have reduced taxes.

Mr. Fleming (Eglinton): What utter nonsense!

Mr. Baskin: The Liberals had 22 years to do it.

Mr. Carter: My hon. friends make a lot of capital out of that, as though the Liberals had never reduced taxes in 22 years. That was the impression they sought to give the country all during the two election campaigns. They talked about over-taxation. We all know about that, $120 a year, $30 for every man, woman and child. For 10 months we heard that. What have you done? How much have you taken off? If we were over-taxed then, we are still over-taxed $500 million. How much are you taking off?

Mr. Baskin: What about our senior citizens?

Mr. Carter: Mr. Harris reduced taxes.

Mr. Baskin: "Six Dollar" Harris.

Mr. Carter: Mr. Harris reduced taxes by $148 million, and he planned for a deficit of $160 million but it was not like the present deficit. The present deficit is just a deficit to cover increased expenditures. Mr. Harris' deficit was a planned deficit to stimulate the economy and it worked. If my hon. friends will go back and look at *Hansard* they will find that it was successful and that instead of the deficit being $160 million it was $33.1 million. That is the difference between a planned deficit and the kind of deficit which we have today.

Mr. Baskin: What about this month?

The Acting Speaker (Mr. Rea): I must remind hon. gentlemen that we are not in committee of the whole. Mr. Speaker is in the chair.

Mr. Carter: Mr. Speaker, the most alarming part of this budget so far as our province is concerned is its policy of a return to trade restrictions, in view of our great dependence on world trade. Trade is the key to employment, because trade is the key to capital investment outlay and therefore to production. Who wants to produce goods that cannot be sold?

On June 23 the dominion bureau of statistics bulletin informed us that for the first quarter of this year there had been a 2 per cent drop in volume in our non-farm production. In the face of this information how does the minister justify his 2 per cent increase in the gross national product for the year? I believe the minister is indulging in a little over-optimism at the present time. If our gross national product declines, as indicated by the figures for the first quarter, or even if it remains stationary, it must result in an even bigger deficit than the $640 million net which the minister estimated. When all the other bits and pieces are added on to something around $1 billion. How grow to something around $1 billion. How discouraging must this news be to the unemployed of Canada whose representatives marched up to see us yesterday? This falling off in capital investment outlay means one thing, namely no extra jobs to take care of the 200,000 increase in our labour force. The only conclusion I can come to is that next year unemployment will be far worse than it was last winter.

An hon. Member: Gloom and doom.

Mr. Carter: As far as Newfoundland is concerned, the tendency of the Conservative party to divert trade from the United States and to restrict trade with other countries, particularly European countries to which we sell fish, is fraught with very grave consequences for our fishermen. The merchant marine and fisheries committee of the house of representatives in the United States is at the present time considering a $43 million support program for United States fish producers. This represents an incentive payment of one cent a pound to the fishermen, one-third of a cent per pound to the plants for every fish handled, payments for technical improvements to boats and equipment and to processing equipment, and in addition ten-year loans at three per cent. This bill is receiving very wide support both in the house of representatives and the senate and there is very little doubt that it will be recommended.

If the bill is recommended it is going to have two effects which can be very serious not only for Newfoundland but for the fishing industry of all the Atlantic provinces. One effect of it must be to increase fish production which will mean that their imports will be correspondingly less. The second result can be even more serious because under the bill fish will come under section 22 of the United States agricultural adjustment act which is the import restriction section. With the heavy government subsidy it will be much easier for the fishing interests of the United States to get import restrictions under this section than through the tariff commission where they have tried unsuccessfully in the past. As far as Newfoundland is concerned, both for the unemployed, whose number is double this year what it was last, and for the sake of the fishing industry it is important that this trade diversion and restriction policy be reversed at the earliest possible moment.

Finally, Mr. Speaker, while the budget is not very reassuring to the people of Canada, it does bring a measure of comfort to the Liberal party because it tends to refute most of the claims made by the Conservatives during the election campaign. It vindicates Mr. Harris' courageous, bold and sound budget. It confirms what the Liberals told the people would happen if a Progressive Conservative government were elected and it proves that our warnings were justified.

(Translation):

Mr. Paul Martineau (Pontiac-Timiskaming): Mr. Speaker, my first remarks will be directed to congratulating the Minister of Finance (Mr. Fleming) who has managed to present in clear, precise and concise form the fiscal policy of the government and who has also managed to frame appropriate measures to solve the serious problems of the day.

I have noticed that when it came time for them to criticize the budget certain members of the opposition were so short of ideas, that the better part of their speeches was given over to accusing government members of having nothing to say about the budget except to congratulate the Minister of Finance.

Well, Mr. Speaker, I feel that the budget speech of the minister is certainly worthy of the tradition of the great ministers of finance who have occupied that post in this house. As far as we are concerned, we have no hesitation whatever not only in congratulating him at this time, but in renewing those congratulations at every possible opportunity.

One innovation which was certainly most welcomed by many hon. members and more particularly by all members from the province of Quebec was the presentation of some parts of the budget speech in French by the Minister of Finance. The minister made his remarks in flawless French, and I commend him not only on my behalf but on behalf of all my colleagues of the province of Quebec.

Mr. Speaker, it is also said that that budget is a blue budget. Personally, I have no prejudice against this colour because as the hon. member for York-Humber (Miss Aitken) so aptly put it, it is a colour which reminds us of heaven. Indeed, it is appreciated not only on this side of the house but throughout our country, as shown by the results of the last election.

I should like to outline how the achievements of this government and the budget proposals are particularly adapted to the constituency I have the honour to represent in this house.

In fact, the riding of Pontiac-Timiskaming is not only a constituency, it is almost an empire. Its area is as great as that of the province of Nova Scotia and about two-thirds of the area of old Scotland. It is a very diversified district from the point of view not only of its landscapes but also of its population. Its limits are within a few short miles of the national capital; in fact, parts of the riding are within the federal district. I am particularly glad to see that the government has decided to introduce a new Federal District Commission Act during this session and I hope that the limits of the national capital will thus be enlarged to open to the population of the capital and to its numerous visitors an area endowed with a great panoramic beauty, the constituency of Pontiac.

Extending along the shores of the Ottawa river, the limits of my constituency go up to the very head of the Ottawa river, in the area of the great lake Victoria. Leaving Pontiac and going west, we come to the riding of Timiskaming which is not as old as Pontiac but whose beginning goes back more than a century.

The settlers who ventured hundreds of miles in virgin forest to settle on the shores of Timiskaming lake, which in Indian language means "deep waters", had a remarkable spirit of adventure and of individualism. It was not because of the stimulus of need that they ventured in areas which were then very wild, but rather because of the appeal of the great adventure, and especially the appeal of new land. Those people settled in the constituency of Timiskaming on the shores of that lake, close to Fathers' bay, and from there they spread deeper into the surrounding area and opened up a whole constituency made up of several now flourishing parishes. Incidentally, the Fathers' bay district, and particularly the location of the old fort, deserves to be pointed out as an historic site, and the historic sites commission should turn its attention to that area and preserve it for future generations.

This year, the chamber of commerce of Ville-Marie is celebrating the 50th anniversary of its founding. This body initiated the development, not only of Ville-Marie itself, but of all the riding of Timiskaming, and, August 3rd and 4th of this year will be dedicated to the celebration of this truly memorable anniversary in the annals of the riding of Timiskaming.

This riding, which originated in 1885, is the cradle of northwestern Quebec, and I invite all hon. members who would like to take advantage of a holiday, to go and, together with me, I hope, take part in the feasts and celebrations which will take place on this occasion.

Mr. Speaker, as you no doubt realize, by what I have just said, the people of Timiskaming do not expect that the government should support them; they merely ask the authorities to assure them the proper economic climate to develop according to their own standards, and also to share in the prosperity and grandeur of our country. It is precisely what the government has tried to do up to now, and I also believe that the budgetary measures will enhance the progress we now enjoy.

A good part of the people of Timiskaming are farmers, living off the land. I had the opportunity recently of visiting several of those communities, and everywhere I went, the farmers were glad to tell me that things were now turning for the better for them. Things are going better, first because of the enactment of the Agricultural Stabilization Act which gave the farmer a sense of security he had never enjoyed before. Thus, through the legislation announced by the government, he can now expect more generous credit facilities.

I submit that one of the measures most likely to increase the revenue of the farmers —I do not mean that it is perfect, it is only a beginning—is the Agricultural Stabilization Act; it should however include, among other things, pulpwood, which is essentially a normal agricultural product at least in my constituency. So I suggest that the

government should give generous subsidies to farmers who, for instance, have to start undertakings such as cold storage and slaughter houses and also that a system should be adopted to help farmers who, for instance, would need subsidies to purchase seeds and other things of this kind.

The Minister of Finance (Mr. Fleming) said that one of the ways to restore prosperity in our country was to extend the period of social benefits.

The people were very gratified by the increase of old age pensions.

I suggest that it would be advisable to consider raising family allowances. Surely that is also one way of increasing the social capital in circulation and the consumer's purchasing power. That is why I am happy to join with the numerous hon. members who have requested early implementation of legislation designed to increase family allowances instituted in 1944 and which have not been increased at that time, save by the token sum of $1, last year.

The Budget—Mr. Martineau

Mr. Speaker, in the constituency of Timiskaming, we have huge resources which have hardly been tapped. One of the most attractive planks in the Conservative platform is its development program for our natural resources. The constituency of Timiskaming, and the constituency of Pontiac also, are rich in mineral resources of all kinds.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but it is six o'clock.

Mr. Martineau: I move the adjournment of the debate, Mr. Speaker.

(Text):

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house if he can impart any information about Monday?

Mr. Green: I am not in a position to give any further information as yet.

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

Questions

ANSWERS TO QUESTIONS

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

WHEAT—LONG-TERM CREDITS OR GIFTS

Question No. 56—**Mr. McIlraith:**

How much wheat was disposed of in the last fiscal year by the Canadian government, or any of its agencies, through long-term credit or gifts?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

The following quantities of wheat were sold by the Canadian wheat board during the period April 1, 1957-March 31, 1958:

	Bushels
Grants under regular Canadian Colombo plan program	6,198,294.6
Grants to Colombo plan countries (over and above regular program)	3,036,271.6
Ten-year loan to India	14,933,333.3
Gift of flour to UNWRA (wheat equivalent)	979,009.0
Sale on three-year credit arrangements (repayment guaranteed by Canadian government)	12,387,759.0

COMPULSORY SAVINGS REFUNDS NOT RETURNED

Question No. 76—**Mr. Houck:**

1. What is the total amount of compulsory savings refunds not yet returned?

2. What is the total number of persons to whom such refunds have not yet been made?

3. What steps has the government taken to get these refunds to the persons to whom they belong?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. $2,902,417.07.

2. 62,927.

3. Although no action is being taken to locate individuals entitled to refunds of this nature, all inquiries received and claims made during each year are carefully investigated and refunds issued where warranted. In this regard it may be said that, of the total number of cases investigated in the last few years, approximately 80 per cent have shown that the taxpayer has either already received his refund or is not entitled to one.

UNEMPLOYMENT STATISTICS, QUEBEC AND ONTARIO

Question No. 83—**Mr. Deschatelets:**

1. How many unemployed persons were registered as at June 1, 1958 in (a) the province of Quebec; (b) the Montreal area; (c) the Quebec area?

2. How many unemployed persons were registered as at June 1, 1958 in (a) the province of Ontario; (b) the Toronto area; (c) the Hamilton area?

3. What amount of benefits was paid from June 1, 1957 to June 1, 1958 in (a) the province of Quebec; (b) the Montreal area; (c) the Quebec area; (d) the province of Ontario; (e) the Toronto area; (f) the Hamilton area?

4. How many applications for employment were filed with the various employment offices of the unemployment insurance commission by persons not receiving benefits, between June 1, 1957 and June 1, 1958 in (a) the province of Quebec; (b) the Montreal area; (c) the Quebec area; (d) the province of Ontario; (e) the city of Toronto?

5. What was the amount of the unemployment insurance fund as of June 1, 1957 and June 1, 1958?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. Number of persons registered for employment at local offices of the unemployment insurance commission on May 29, 1958, the date closest to June 1, 1958, for which data are available were: (a) In the province of Quebec, 197,191; (b) in the Montreal area, 68,200; (c) in the Quebec area, 13,002.

2. (a) In the province of Ontario, 185,524; (b) in the Toronto area, 52,846; (c) in the Hamilton area, 15,630.

3. (a) Province of Quebec, $137,660,436; (b) Montreal local office area, $41,525,811.67; (c) Quebec local office area, $9,460,798.02; (d) province of Ontario, $137,057,103; (e) Toronto local office area, $32,396,516.40; (f) Hamilton local office area, $10,737,207.07.

4. Breakdown of data requested not available.

5. May 31, 1957, $846,819,435.32; May 31, 1958 (preliminary), $653,501,427.

MILITARY COLLEGE GRADUATES—RESERVE SERVICE

Question No. 90—**Mr. Fisher:**

1. Do graduated cadets of the military colleges have the option of going on reserve list after a certain period of active service?

2. If so, how long has this been in effect, how many cadets have had the option, and how many have taken advantage of the option?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes. Three years after completion of academic training.

2. This policy has been in effect since September 1952. Of the 141 graduates who have been eligible to exercise this option 26 have done so.

ANODIZED ALUMINUM IMPORTS FROM U.S.

Question No. 107—**Mr. Martin (Essex East):**

1. Has the government received protests from any organization or trade union against the importation of anodized aluminum from the United States?

2. If so, has the government taken any action to protect this industry in Canada against alleged unfair competition?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes.

2. The Department of National Revenue is presently investigating the fair market value of anodized aluminum entering Canada, with a view to ensuring that it is being imported in accordance with the provisions of the Customs Act and the Customs Tariff Act.

MARINE RAILWAY CONSTRUCTION, SHIPPEGAN, N.B.

Question No. 111—**Mr. Robichaud:**

Questions

1. Has the Minister of Fisheries received any representation requesting that a marine railway or haul-up be constructed at Shippegan, Gloucester county, New Brunswick?

2. If so, what action has been taken in connection with such request?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

1. Yes.

2. Matter is receiving consideration.

HOUSE OF COMMONS

Thursday, June 26, 1958

The house met at 2.30 p.m.

PRIVILEGE

MR. HARDIE—REFERENCE TO STATEMENT IN DEBATE OF JUNE 25

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I rise on a question of privilege. Yesterday I asked the Minister of Agriculture the following question, as reported at page 1609 of *Hansard* of that date:

> In view of the extremely low market price of 6 cents per pound paid to British Columbia raspberry producers, will the minister consider bringing raspberries under the price stabilization act to enable these producers to take off their present crop?

In his reply the minister commented that I had been back in the northern fastness too long because this matter, he claimed, had been dealt with previously.

Mr. Hodgson: He was wrong; you have been here too long.

Mr. Hardie: I am going to be here a lot longer, too.

An hon. Member: That's what you think.

Mr. Hardie: I suggest that the minister himself has been wandering around some place other than his office, because—

Mr. Speaker: Order. Would the hon. member state his question of privilege?

Mr. Hardie: Well, Mr. Speaker, before I asked the question yesterday I checked with the officials concerned and found that no decision had been taken on the question of placing a price support under raspberries. The minister's answer, then, in my opinion was both arrogant and completely false.

Mr. Speaker: Order. I am sure the hon. member would not like to leave that statement standing on the record.

Mr. Hardie: I think after I get through you will see why I leave it on the record.

Mr. Speaker: I am asking the hon. member to withdraw it.

Mr. Hardie: If I have to withdraw it, I will have to withdraw it.

Mr. Fraser: That is no way to do it.

Mr. Speaker: May I say that while the hon. member may not agree with what the minister said, and even if one assumes that the minister was mistaken, that does not to my mind raise a question of privilege.

Mr. Pickersgill: Surely it is a question of privilege if he misled the house.

Mr. Hardie: My question of privilege is this, Mr. Speaker. Yesterday the Minister of Agriculture deliberately misled the house in reply to my question.

Mr. Fraser: Withdraw that.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, first of all I think the hon. member should withdraw his statement that I deliberately misled the house, because I state unequivocally that his comment is completely incorrect. I did not mislead the house yesterday.

Mr. Speaker: The hon. member has heard what the minister has said, and he knows the practice of the house—that it is quite outside of our accepted standards of conduct here to impute to another hon. member the deliberate statement of falsehood or untruth. The words which the hon. member has used do just that, and I must ask him if he will withdraw them.

Mr. Hardie: I will withdraw that statement, Mr. Speaker, but I will not withdraw the implication I made that the minister was not informed as to what took place in his own department.

Mr. Speaker: I think the hon. member has sufficiently made his point that he disagrees with what the minister said yesterday; and as he has withdrawn the statement, unless there is a question of privilege I do not think he should proceed further.

Mr. Hardie: The minister claimed yesterday in reply to my question that the matter had been dealt with the week before. I find this morning that a recommendation had been signed by him this morning and up until noon today a quorum of four of the cabinet ministers had not approved this recommendation and the order in council had not been passed, at least up until noon today.

Mr. Speaker: Perhaps the hon. member would raise the matter as a question at the appropriate time. As I have said before, it does not seem to me to be a question of privilege.

Inquiries of the Ministry

Mr. Harkness: Mr. Speaker, this has been raised as a question of privilege, and I would like to reply to it on a question of privilege. The statement I made yesterday was absolutely correct. The stabilization board sent a wire under my instructions, and after having received the approval of cabinet, to the processors of raspberries in British Columbia. The wire was sent on Thursday night last, making a proposition or an offer to them. As far as the support of raspberries was concerned, it provided that they had to pay a minimum of 9 cents a pound to the growers. They had a meeting on Friday morning and wired back accepting this offer, and I immediately gave instructions to wire back to them to put this 9-cent price into effect immediately. That is the exact situation.

[*Later:*]

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to ask the Minister of Agriculture if he would table the telegrams referred to by him in his reply earlier today to the hon. member for Mackenzie River, and if he would also at the same time table the order in council referred to?

Mr. Harkness: I would be quite happy to table the telegrams and also the order in council, but of course the order in council appears in the normal form of the *Canada Gazette.*

[*Later:*]

Mr. Harkness: Mr. Speaker, in order to avoid any further misunderstanding or mistakes on the part of the official opposition in connection with the question of raspberries in British Columbia perhaps I should say an additional word or two on the subject.

The matter first came up something like ten days to two weeks ago. A considerable number of telegrams were received here from raspberry growers stating that they were threatened with a very low price and asking for some form of support. The matter was particularly brought to my attention by the hon. members for Fraser Valley and New Westminster. We canvassed the situation and had a senior official of the department in British Columbia investigate the matter. At about the time the investigation concluded as to what the probable situation would be, the first of the raspberries began to come on the market and the processors of these raspberries who put them into SO2 or freeze them were offering 6 cents a pound for this fruit.

As a result I took up the matter and obtained cabinet approval, as I indicated before, to make an offer to the processors which would ensure that the growers received a minimum of 9 cents a pound. I then dispatched the telegram I mentioned a short time ago.

That is the whole situation. The order in council which provides the specific terms under which the processors will be paid in the event they cannot dispose of the raspberries put into SO2 and held in frozen form was signed today. It went through today but the actual action, as I indicated, was taken last Thursday and Friday, and the growers were thus put in a position to sell their raspberries at a minimum of 9 cents last week, as I stated in the house yesterday.

Mr. McIlraith: Mr. Speaker, the statement made by the Minister of Agriculture raises quite an important question of privilege. I believe the house will be very glad of the statement he just made clarifying this matter, but I feel I must fulfil my obligation of pointing out to you, Mr. Speaker, that the minister in answer to the question yesterday, as recorded at page 1609 of *Hansard,* said:

I think perhaps he—

That is the hon. member for Mackenzie River.

—has been back in the northern fastness too long, because this matter was dealt with last week.

Note these remarks, Mr. Speaker:

Assistance was provided under the stabilization act for the raspberry growers in British Columbia which will ensure that they will be paid a minimum of 9 cents per pound for the poorest type of raspberry which is produced there.

You will note, Mr. Speaker, the statement that assistance was provided.

Mr. Harkness: It was.

Mr. Pickersgill: They pay no attention to such things as orders in council.

Mr. McIlraith: The act provides that these things are done by order in council, and hon. members are entitled to know that the law of this country is being observed. At this stage of the proceedings today the minister has told us that the order in council was passed this day, but yesterday he said that the assistance was provided under the act last week.

Mr. Harkness: Mr. Speaker, what the hon. member for Ottawa West has said bears out exactly what I have said. Assistance was provided last week. Here was an urgent situation which required something to be done immediately, otherwise the raspberries were going to rot on the ground. Now the hon. member is complaining because I took action in order to meet an urgent situation.

Mr. Pickersgill: And the minister used to talk about C. D. Howe.

Mr. Speaker: I did not know so much heat could be generated over a raspberry. I think the hon. member for Ottawa West is within his rights, of course, in raising a question of privilege if he feels that the information given to the house by the hon. minister was incorrect, but I must say that having heard everything that was said today the problem seems to be one of interpretation of what the minister said yesterday and of what it meant. Everyone is entitled to put his own construction on it. I think the matter has been sufficiently aired.

I see that the hon. member for Kootenay West is on his feet. Is this on the point of privilege?

Mr. H. W. Herridge (Kootenay West): No, Mr. Speaker. In order to avoid any further misunderstanding in connection with the application of this most important legislation, would the minister make an announcement to the house when the application of the British Columbia tree fruit growers for support prices for the 1957 crop is granted?

An hon. Member: 1957?

(Translation):

MISCELLANEOUS PRIVATE BILLS

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

(Text):

HOUSE OF COMMONS

INSTALLATION OF SIMULTANEOUS TRANSLATION SYSTEM

On the order:

The Prime Minister—The following proposed motion:—That this house do approve the installation of a simultaneous translation system in this chamber and that Mr. Speaker be authorized to make arrangements necessary to instal and operate it.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would ask that this be transferred to government orders.

Mr. Speaker: Transferred to government orders, under section 2 of standing order 21.

ATOMIC ENERGY

PROPOSED STUDY OF CONTROL OF NUCLEAR TESTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, would the Secretary of State for External Affairs care to comment on the report that the Soviet government has now refused to attend the Geneva meeting, called for next Monday, to consider ways and means of supervising a ban on nuclear tests?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, notwithstanding the negative and polemical statement made over radio Moscow yesterday afternoon, I feel confident that I can assure the house they have not as yet closed the door, and we therefore advised Dr. Solandt to proceed with his plans to the end that he will be in Geneva next Tuesday, July 1. I express a profound hope that scientists who have been designated by the U.S.S.R. will also be present on that date for that meeting.

EXTERNAL AFFAIRS

RUSSIA—REIMBURSEMENT FOR DAMAGE TO OTTAWA EMBASSY

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, can the Secretary of State for External Affairs tell the house whether or not the report is true that the government has offered to pay the Soviet embassy for any damages incurred as a result of incidents in this city last Sunday?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Yes, Mr. Speaker; according to international practice, we have informed the Soviet ambassador to Canada that if there are any damages in respect of that regrettable incident the Canadian government will pay them. As yet we have not received any claim in that regard.

ROYAL CANADIAN MOUNTED POLICE

SECURITY MEASURES DURING VISITS OF HEADS OF STATE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Justice, with some restrained indignation. In view of the very disturbing tale in the *Printed Word*, a periodical published by the public relations firm of Johnston, Everson and Charlesworth Limited, to this effect:

When President Truman visited Ottawa at the end of the war, his guards searched, without warrant, every house along the line of march, including clothes closets, attics and cellars—

—would the Minister of Justice (1) make inquiries as to the veracity of this report and later inform the house as to the result; (2) assure the house that such procedure will not be countenanced in Canada, at any time, for any purpose, and that the basic rights and freedoms of Canadians will be recognized and respected on all such occasions?

Inquiries of the Ministry

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I rather doubt whether an allegation about a matter that took place some 10 or 11 years ago, as the visit of President Truman did, is one of sufficient or immediate urgency to justify an inquiry on the orders of the day. However, I have had some inquiry made—

Mr. Speaker: Order. If the minister is raising that as a point of order I would agree with him that the first part of the question might be dealt with differently, but the second part of the question remains.

Mr. Fulton: Yes, Mr. Speaker. I can assure the hon. gentleman, as a result of inquiries I have made and discussions I have had with those connected with such matters that there is no likelihood of any such event taking place in connection with any future visit by any head of state who visits Canada. I am also able to say, since the matter has been raised, that the inquiries I have made indicate, so far as my present information goes, that the report of the incidents in connection with the previous visit to which the hon. gentleman has referred is greatly exaggerated, certainly in so far as any allegation of the searching of every private house along the route is concerned.

Mr. Herridge: Would the minister inform the house if he considers that on such occasions the Royal Canadian Mounted Police are quite competent to provide all the security required?

Mr. Fulton: Of course, Mr. Speaker, I consider the Royal Canadian Mounted Police sufficiently and absolutely competent to provide all the security precautions that are necessary. However, the hon. gentleman will realize that certain protocols and forms are observed in connection with the visits of heads of state of other countries.

DROWNING OF FIVE MEMBERS OF FORCE—VERDICT OF CORONER'S JURY

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, I wish to direct a question to the Minister of Justice. In view of the minister's statement on June 12 in respect of the tragic drowning of five members of the R.C.M.P. that the total weight carried on that fatal night was within the manufacturer's rate of load for the boat, would the minister care to comment on the finding of the coroner's jury that the five men met their death because the boat was "overcrowded and overloaded"?

[Mr. Herridge.]

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I received the text of the verdict of the coroner's jury only this morning, and I am awaiting a full report from counsel who was appointed agent of the Minister of Justice to attend the inquest on our behalf. I am, therefore, not in a position to make a statement on the matter today, but I expect to be in a position to make a full statement tomorrow or by Monday at the latest.

Mr. Lucien Cardin (Richelieu-Vercheres): I should like to direct a supplementary question to the Minister of Transport on this matter. In view of the finding of the coroner's jury that the Department of Transport standard life jackets and approved life cushions were unsatisfactory in cases of emergency, does the minister intend to change the departmental standard for such equipment?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, we have not yet received the report of the coroner's inquest. When we do we will examine it thoroughly, and if there are any matters that require action by my department that action will be taken.

NATIONAL DEFENCE

NORAD—ALLOCATION OF R.C.A.F. SQUADRONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question arising out of a statement made in the house on June 10, at page 1030 of *Hansard*, by the Minister of National Defence, when he said:

> —no squadrons have yet been definitely and specifically allocated to NORAD, nor would it seem likely that any such squadrons of the Royal Canadian Air Force would be allocated in that way.

Can the minister reconcile this statement with one he made before a committee in another place yesterday to the effect that as soon as the resolutions of approval of NORAD are passed there will be formal allocation by the government of air defence commands to NORAD, which would of course include nine squadrons of the R.C.A.F.?

Hon. G. R. Pearkes (Minister of National Defence): Those statements are correct. I do not think they are conflicting in any way.

INQUIRY AS TO CHANGES IN ARMY UNIFORMS

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): Mr. Speaker, I wonder whether I might be permitted to direct a question to the Minister of National Defence. Would the minister inform the house whether or not any changes

are contemplated in the present uniforms issued to members of the Canadian army?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, certain uniforms which might be adopted have been under development for some time. They are being issued for user trials during the present summer but no decision has yet been reached as to the adoption of any of these uniforms.

INDUSTRY

STEEL—REPORTED STATEMENT BY UNION DIRECTOR

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I ask the Prime Minister if he is yet in a position to answer the question I addressed to him on Tuesday, June 17, as reported at page 1205 of *Hansard*, as follows:

> Is the Prime Minister in a position to comment on the press report that William Mahoney, national director of the national steelworkers of America, has asked for a meeting with the government to discuss steel prices and policies in Canada, with special reference to the charge that prices are administered or arranged in such a way that they are geared to United States prices?

The Prime Minister said at that time that he did not know of the press report or of the letter, but I am told the letter was mailed to him on June 12 last.

Right Hon. J. G. Diefenbaker (Prime Minister): In so far as the allegation is concerned as to the date of mailing of this communication, that of course I am unable to controvert. The letter was received from Mr. Mahoney in the stated terms subsequent to the occasion on which my hon. friend asked the question in the house.

Mr. Winch: May I ask as a supplementary question if the Prime Minister is now able to give us any information with respect to the disposition of this matter?

Mr. Diefenbaker: No decision has been reached as yet as to what course shall be followed in this regard, although I am expecting that an opportunity will be given to Mr. Mahoney to make the representations he apparently has in mind. I feel that the representatives of the steel corporations should have the same opportunity at the same time.

CANADIAN PACIFIC RAILWAY

KETTLE VALLEY, B.C.—STATEMENT ON TRANSPORTATION OF PERSONS HAVING COMMUNICABLE DISEASES

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Monday the hon. member for Kootenay West (Mr. Herridge) inquired as to the transporting of patients suffering from communicable diseases by railway in the Kettle valley area. In putting his question the hon. member stated that a certain hospital in Kootenay West had been informed by the legal officers of the Canadian Pacific Railway that persons suffering from communicable diseases may ride in the baggage section of the present Budd cars on the Kettle valley line.

If the hospital referred to by my hon. friend is the same hospital which made representations direct to the board of transport commissioners on this point, I think there must be some misunderstanding of the reply made to those representations by the Canadian Pacific Railway Company.

I am advised that Mr. E. M. Stiles, chairman of the board of the Kootenay Lake general hospital society, Nelson, wrote to the board of transport commissioners under date of April 28. The railway company was asked for its submissions, and the legal department of the railway pointed out in reply that rail diesel cars do not provide separate or private accommodation of any kind but that it is permissible to carry stretchers with sick persons in the baggage portion of the rail diesel car provided they are accompanied by another person.

The letter went on to state, however, that this permission has been restricted to persons who are suffering from non-communicable diseases. The letter added that general order No. 804 of the board of transport commissioners requires that if there is no other enclosed accommodation on a train, a person suffering from a communicable disease can be handled in the baggage car; but as the baggage section is part of the rail diesel car and is occupied by the train baggageman and the news agent, it is not considered that such cases should be handled.

I am advised that a copy of the reply from the Canadian Pacific Railway Company was sent to Mr. Stiles.

FISHERIES

NEW BRUNSWICK—REQUEST FOR EXTENSION OF GASPEREAU SEASON

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, may I ask the Minister of Fisheries if any representations have been made by Gloucester county fishermen asking for an extension of the gaspereau fishing season in that county from June 30? If so, has any decision been reached?

Inquiries of the Ministry

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, representations have been received from two individuals suggesting that the gaspereau fishing season be extended in Gloucester county beyond June 30. Although the run of gaspereaux in that area this year commenced late, it has now reached a point where from a conservation point of view it is considered essential that the season should not be extended beyond June 30 next.

Mr. G. R. McWilliam (Northumberland-Miramichi): I have a supplementary question. Have any representations been received with regard to the extension of the gaspereau fishing season in the Miramichi area?

Mr. MacLean (Queens): I have no knowledge offhand that any have been received, but I will take the hon. member's question as notice.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—REPORTED REQUEST FOR COMPULSORY STRIKE ARBITRATION

On the orders of the day:

Mr. Frank Howard (Skeena): On Wednesday, June 4, I directed to the Prime Minister a question which appears in *Hansard* of that day, inquiring whether he had received a suggestion from the Victoria chamber of commerce for compulsory arbitration in the present strike against the C.P.R. on the west coast. His answer was that he had no recollection of having received such a letter but that he would look into the matter and endeavour to give his answer the next day. I wonder whether he could now indicate an answer to that question.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not sure as to the identity of the organization which communicated with me, but I know that several organizations have brought this question to the attention of the government in letters and communications directed to me or to other ministers.

Mr. Howard: I have a supplementary question, Mr. Speaker. The one I referred to suggested that the government should impose compulsory arbitration to settle the strike. It was in that regard that I was inquiring whether it is the intention of the government to follow that suggestion and impose compulsory arbitration to solve the problem.

Mr. Diefenbaker: Mr. Speaker, this is the second time the hon. gentleman has apparently indicated his support of that procedure. There has been no decision in that regard. However, I will assure the hon. gentleman that his representations in that connection will receive such attention as they deserve.

Mr. Howard: Mr. Speaker, I rise on a point of order and a question of privilege. The Prime Minister has deliberately twisted and distorted a statement I made.

Some hon. Members: Order.

Mr. Diefenbaker: Mr. Speaker, I am not one of those with an eggshell sensibility. However, I think the hon. gentleman should withdraw that statement. He must have had a purpose in asking that question and suggesting a course of action. If he did not have one, then I wonder why he worded his question in the way he did.

Mr. Winch: Because he wants to know where you stand.

Mr. Howard: Mr. Speaker, if the Prime Minister wants any comment—

Mr. Speaker: Order. The Prime Minister has taken exception to what the hon. member has said. I would ask the hon. member to consider what he has said in that light and advise me what he thinks it is proper to do.

Mr. Winch: Mr. Speaker, the hon. member has already taken objection to what was said by the Prime Minister. May I ask you to take that matter into consideration also.

Some hon. Members: Withdraw.

Mr. Speaker: I am awaiting the reply of the hon. member for Skeena.

Some hon. Members: Withdraw.

Mr. Howard: Mr. Speaker, I just do not believe that the comments I had to make about deliberate distortion of the implication behind my remarks need withdrawing.

Some hon. Members: Oh, oh.

Mr. Howard: However, Mr. Speaker, if you insist, I will withdraw them. Out of deference to you I will do so.

Mr. Speaker: I have not insisted on any particular course of action. I simply put it to the hon. member that his words were taken as offensive, and asked whether he would wish to modify them in any way.

Mr. Howard: Not particularly, Mr. Speaker.

Some hon. Members: Withdraw.

Mr. Martin (Essex East): Mr. Speaker, I wonder—

Mr. Speaker: Order. I would ask the hon. member to give me time to deal with this matter before we proceed to the next one. I understood the Prime Minister to suggest

that those words were unparliamentary and that they ought to be withdrawn. I am afraid that I cannot agree that the expression used goes beyond the limits allowed. Deliberate distortion is perhaps something in which all members of parliament engage. To my mind the situation here is different from an implication of deliberate misstatement or falsehood. I would not wish to force the hon. member to change the expression if he himself does not see fit to do so.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE OF NEXT MEETING

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Finance if he would take the house into his confidence regarding the decision at which the government has seemingly arrived as to when a dominion-provincial conference is to be held, particularly in the light of a statement made yesterday to the association of mayors and reeves by the premier of Ontario, who said he had been promised that in the month of September there will be a conference among the provinces, the municipalities and the federal government.

Hon. Donald M. Fleming (Minister of Finance): I have seen no such statement as the hon. gentleman has attributed to the premier of Ontario, but I am sure if the premier of Ontario is as anxious as I am to take the hon. gentleman into his confidence on this or any other subject, the hon. gentleman will have no trouble in obtaining all the information he desires.

Mr. Martin (Essex East): A supplementary question. I ask the hon. minister if he has not read this morning's *Globe and Mail* in which the premier of Ontario is reported to have said that the federal-provincial-municipal conference which the Prime Minister has promised for September would deal with the kernel of the problem, and that this has to do with a realistic division of revenue and taxation sources. May I inquire, if the premier of Ontario can give this information to the people of Ontario, is it asking too much for the Minister of Finance to give this information to the House of Commons?

Mr. Fleming (Eglinton): The answer to the first question, Mr. Speaker, is no, sir. The answer to the second question was I think given by myself in reply to the earlier question asked by the hon. member.

Inquiries of the Ministry

COMBINES INVESTIGATION ACT

OIL—REQUEST BY GARAGE OPERATORS ASSOCIATION FOR INVESTIGATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct the following question to the Minister of Justice. Has the minister received a request for action by any branch of his department from Mr. Elliott, of Peterborough, an official of the Ontario garage operators association, with regard to the relationships between oil companies and retail outlets in this country? If so, has the minister any comments to make on the case made by Mr. Elliott?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. gentleman for the notice he gave me of this question. I have received a request from the general manager of the garage operators association of Ontario for an investigation into certain activities of the oil companies. The general manager and other officials of the association, including Mr. Elliott, are to meet with the director under the Combines Investigation Act on July 2 next to elaborate their complaints. These complaints, as in all cases, will be fully studied. Until this meeting has taken place, and until any inquiries which may then be indicated as appropriate to be made have been pursued to a point where it would be proper for me to do so, I would be unable to make any further comment.

POTATOES

PRINCE EDWARD ISLAND—DISPOSAL OF SURPLUS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. What action, if any, is being taken by the agricultural stabilization board to alleviate the condition of potato growers in Prince Edward Island, who at this late date have over 800 carloads of potatoes on hand, with little prospect of disposing of the same?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, assistance has been offered by the stabilization board to the Prince Edward Island potato growers and/or the provincial government for diversion of the surplus potatoes as stock food or otherwise on the same basis of payment as applied to New Brunswick potato growers for their surplus potatoes which go into starch diversion.

Inquiries of the Ministry

TRADE

GATT—INQUIRY AS TO RENEWAL OF AGREEMENT

On the orders of the day:

Mr. W. V. Yacula (Springfield): Mr. Speaker, I wish to direct the following question to the Minister of Trade and Commerce: (a) When will the general agreement on tariffs and trade, GATT, be up for renewal? (b) Will representations be made at that time to the effect that Canada's position be recognized in a special category? (c) In view of the fact that there is a demand in the United States for tariff protection, is there any likelihood that this agreement will not be renewed by the congress of the United States?

Hon. Gordon Churchill (Minister of Trade and Commerce): I will have to accept that question as notice.

TRANSFER OF CF-100 AIRCRAFT TO BELGIUM

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of Trade and Commerce if he is in a position to answer the question I asked yesterday regarding the transfer of CF-100 jet aircraft to Belgium?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I regret that due to an unexpected absence yesterday I was unable to be here to give answers to questions which were asked of me. The question was with regard to the transfer of CF-100 jet aircraft to Belgium, and I was asked whether I would give the house the cost to Canada of that transfer.

The answer is as follows. This was a joint mutual aid program between the United States and Canada to provide CF-100 jet aircraft to Belgium. The cost to Canada will amount to approximately $10,276,000. Some $3,625,000 was included in the export figures for the month of May.

AUTOMOBILES—ALLEGED INTERFERENCE BY U.S. IN CANADIAN EXPORTS TO CHINA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, is the Minister of Trade and Commerce in a position to answer the question which in his absence yesterday was put to the Secretary of State for External Affairs, who undertook to accept it as notice and bring it to the minister's attention?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. The hon. member for Essex East was inquiring with regard to an answer I gave the day before, in which I had said some preliminary conversations had been held, and this had to do with the regulations of the United States which appeared to interfere with trade on the part of subsidiaries in Canada.

Well, my hon. friend, from his long experience on this side of the house, knows that these preliminary discussions are quite the normal discussions on what is called the official level. Some officials of my department have conversed with officials of the United States embassy just to have an exchange of views.

Mr. Martin (Essex East): Are we to understand, Mr. Speaker, that the conversations were carried on only in Ottawa, and that they have not gone beyond this?

Mr. Churchill: We have followed the practice followed by my hon. friend in past years.

Mr. Martin (Essex East): My question was, do I understand that the conversations held were merely with officials in Ottawa and have not gone beyond that? If they have not, is it proposed to make representations, as my hon. friend said the day before yesterday he would consider, from government to government?

Mr. Churchill: Well, Mr. Speaker, I have said the conversations were between officials of my department here, the Department of Trade and Commerce, and officials of the United States embassy in Ottawa, which answers the first part of the question. We are quite prepared to take such steps as may be necessary to pursue this matter further, and in due course the house will be informed.

Mr. Martin (Essex East): May I ask another supplementary question. My hon. friend will appreciate, I am sure, that this is a matter of some urgency. It involves, as the minister is aware, the sale of automobiles to another country and a situation which if corrected might afford some relief to the unemployment which exists in the automobile industry in Canada.

Mr. Churchill: The hon. member mentions urgency. This matter first came to the attention of the former administration of which my hon. friend was a member, and he is only now discovering the urgency. At least we are being informed and propose to take such steps as may be necessary.

Mr. Martin (Essex East): Is the minister not aware that in Arnprior during the election campaign the Prime Minister promised to make an investigation into this?

Some hon. Members: Order.

Mr. Speaker: It seems to me this exchange is getting into the category of a debate. The last supplementary question which the hon. member asked was simply a statement of

information, and if he is proceeding along the same line I would ask him to drop it there.

LEAD AND ZINC—PROPOSED GLOBAL PLAN FOR MARKETING

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to ask the Minister of Trade and Commerce a perfectly proper question. Has the minister had an opportunity to pursue and meditate upon the question I asked yesterday with respect to the United States global plan for the regulation of the marketing of lead and zinc?

Hon. Gordon Churchill (Minister of Trade and Commerce): The answer to my hon. friend's global question is that I am not aware that the state department of the United States has yet lent its support to any proposal for regulating the flow of lead and zinc to world markets. The government is always prepared to examine and give consideration to any proposals which would appear to be in the interest of the Canadian lead and zinc producers.

LABOUR CONDITIONS

UNEMPLOYMENT—STATEMENT ON SUGGESTED DELAY IN MAKING SURVEY

On the orders of the day:

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, on Tuesday the hon. member for Essex East questioned a report I gave to the house with reference to unemployment in regard to the release date, and I promised at that time I would look into the matter.

I have checked into this, and find that there was no unusual delay in making this survey in May. As the hon. member may recall, in my answer given on June 11, as recorded at pages 1038 and 1039 of *Hansard*, I stated that this labour force survey is made by the dominion bureau of statistics normally during the week following the middle of each month or, more precisely, during the second last full week of each month, the main exception to this being December, when the survey is taken earlier in the month due to the Christmas holidays.

The end of the survey week has varied over recent years, with the exception of December, from the 15th of the month to the 24th of the month. May 1958, August 1957 and March 1956 were all months when the survey week happened to end on the 24th of the month.

Inquiries of the Ministry

IMMIGRATION

HUNGARIAN REFUGEES—AGREEMENT WITH ONTARIO

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I should like to take this opportunity to answer the question which was asked by the hon. member for Bonavista-Twillingate yesterday with regard to a report I made about an agreement respecting the care of Hungarian refugees. I find that March 13 is the date of the letter from the director of the trade and industry branch of the department of planning and development in Ontario in which he indicated they would accept the agreement.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the hon. lady a supplementary question. Has she been able to ascertain whether this agreement is in any respect more favourable to Ontario than the agreement made with the province of Saskatchewan at the very beginning of the Hungarian movement?

Mrs. Fairclough: I would think the answer to that is obvious. The answer is no.

Mr. Pickersgill: Would the hon. lady mind ascertaining from her department whether in fact the answer is obvious, because Ontario asked for a great deal more.

Mrs. Fairclough: I would be glad to inquire and inform the hon. member.

BUSINESS OF THE HOUSE

INQUIRY AS TO SITTING ON DOMINION DAY

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Prime Minister relating to the activities of the House of Commons on Dominion day. This question stems from a statement made by the leader of the opposition two years ago in which he objected to the house sitting on Dominion day because of that day's general significance. I wonder if the Prime Minister has any comment to make with regard to the sittings of the house on Dominion day in the light of that statement made by Mr. Drew.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in the circumstances, when we intend to observe the ceremonies on Dominion day to acquaint Canadians as a whole with the history of their country, or at least bring to their attention the fact that July 1 is the national birthday, it is felt—and I intend to have a motion placed before the house accordingly—that while hon. members as a whole may not desire to remain entirely inactive that day, the house should not begin

its session until 4.30 in the afternoon. I intend to have a motion placed on the order paper to that effect.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—REQUEST FOR TABLING OF CORRESPONDENCE RESPECTING TAX RENTAL AGREEMENTS

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I wonder if the Prime Minister would be able to indicate when the correspondence with the government of Manitoba with respect to the tax rental agreements could be tabled.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I shall try to have that done at once. The last time my hon. friend asked this question he said he wanted to have tabled the correspondence with the premier of Manitoba, but there has been some change in that regard.

Mr. Pickersgill: Not yet.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, June 26, 1958

Sir:

I have the honour to inform you that the Honourable John R. Cartwright, judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 26th June, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

INQUIRY FOR RETURN

ELECTRIC POWER, NEWFOUNDLAND—FEDERAL ASSISTANCE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Prime Minister whether he expects soon to be able to table the correspondence with the premier of Newfoundland, about which a motion was passed on June 18.

Right Hon. J. G. Diefenbaker (Prime Minister): Yes, I shall do that, Mr. Speaker.

[Mr. Diefenbaker.]

INTERNATIONAL TRADE FAIR

BRUSSELS—STATEMENT ON REPORTED RESIGNATION OF CHAPERONE OF STUDENT GUIDES

On the orders of the day:

Mr. Maurice Bourget (Levis): Mr. Speaker, I wonder if the Minister of Trade and Commerce is now in a position to answer the question I asked in his absence yesterday.

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. Yesterday as reported at page 1609 of *Hansard* the hon. member for Levis referred to a story carried in the Toronto *Star* of June 24 with regard to the Canadian pavilion at the world's trade fair at Brussels. His question was as follows:

—has the minister, as alleged in the newspaper story, curtly accepted the resignation of Madame Valmore Bienvenue, chaperone of the university students who are acting as guides at the Canadian pavilion, and would the minister comment on the whole situation?

I have seen the story in the Toronto *Star*. I did not curtly but, rather, courteously accepted the resignation of Madame Bienvenue, which I judged was put before me in good faith, and I apprized her of our appreciation of her services. I had no knowledge that there was anything more to it than that.

The story in the *Star* talks about low morale. My information is that the morale among the students over there is very high. Visitors who have been attending the exhibition have reported largely that the Canadian pavilion is a credit to Canada. Some have said otherwise, but most of the reports I have received recently say that it is a credit to Canada; that the European visitors are impressed with the exhibit, and that the student guides are good representatives of our country. They are enjoying a remarkably fine experience in being chosen to spend about six months in Europe, the type of experience that almost any university student would like to have, and I think they are a credit to Canada. I know of no low morale on the part of any members of the staff whatsoever. Some difficulties may arise from time to time which I think are insignificant.

May I say this with regard to the exhibit over there. The Toronto *Star* story says something about lack of funds. That exhibit has cost about $3 million. Other countries exhibiting at the world's fair are spending $18 million or over $20 million on their exhibits and, of course, we do not expect to compete in a circle of that size. But if you compare the Canadian exhibit with that

of countries of similar size and wealth I think you will find that it is quite satisfactory to Canada.

Mr. Bourget: Mr. Speaker, I understand that the guides have written a letter to the Minister of Trade and Commerce, a copy of which has been sent also to the Prime Minister. Would the minister be kind enough to table that letter and also the three reports that were sent to him or probably to the Minister of Justice by the mounted police, who are also in attendance at the fair; and also the letter of resignation of Madame Bienvenue?

Mr. Churchill: Mr. Speaker, I do not know of some of those letters to which the hon. member refers. I see no reason why some of those others which he mentioned might not be tabled. I will look into the matter and let him know.

Hon. E. D. Fulton (Minister of Justice): So far as the Minister of Justice is concerned, since the hon. member mentioned my name, I have no knowledge of any reports having been submitted. I will make inquiries in the department to ascertain whether they have or not. If they are in the nature of routine reports from the constables on duty there to their superior officers in Canada, under such circumstances I doubt whether it would be proper to table them. I will have inquiries made to see whether there is anything that could or should be tabled.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, June 25, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

(Translation):

Mr. Paul Martineau (Pontiac-Timiskaming): Mr. Speaker, at the end of yesterday's sitting I was saying that my constituency is extremely rich in mineral resources, and I am now happy to announce to the house that uranium deposits have been discovered quite recently in northern Timiskaming in the Kippewa and Hunter's Point area, and that these deposits, according to experts, bid fair to be among the richest in the land.

I was particularly happy to learn, while listening to the budget speech delivered by the Minister of Finance (Mr. Fleming), that the government intends to take steps to continue and increase the assistance to gold mines. I was all the happier to learn this because in my constituency there is one extremely rich gold mine, the Belleterre mine, which has been in production for close to 20 years. I submit that the government should look after the problems which beset gold producers, not only by continuing to grant subsidies, but by increasing them. That is, of course no permanent solution but to my mind, every time the occasion offers, representations should be made to the American government for an increase in the price of gold. In this connection, I fully agree with my colleague the hon. member for Chapleau (Mr. Martel) who requested the Canadian government to take such steps as are necessary so that the price of that product may be increased. I do not believe it is an exaggeration to state that, at this time, the price of gold should be set at $75 an ounce.

Mr. Speaker, among the budget resolutions, that which refers to public works is particularly noteworthy. To my mind we should not be content with a single huge operation in a single, possibly unexplored, area, but money should be voted towards public works in the populated areas of this country, where there could be unemployment. Such works would be of benefit to localities which need the suggested improvements and would also help to relieve local unemployment.

(Text):

I have reviewed some of the problems pertaining to the northern section of my riding, the county of Timiskaming, and I should like to speak briefly now about some of the problems that beset the southern section of the riding, the county of Pontiac. The population of the county of Pontiac is made up principally of farmers, workers in the forest and lumbering industries, and miners. I have dealt with farmers throughout Pontiac county for quite a number of years, and I remember how in the last years of the Liberal regime farmers would come up to me and say, "Well, we are just hanging on. We do not know how long we can still hang on, because the situation is bad and is getting worse."

The present government has been in power for approximately one year but the farmers I see today, who are engaged in dairy farming and mixed farming, tell me they are well satisfied with the measures adopted so far by the government. They say these measures have contributed in a real sense to the betterment of their condition, and they tell me that all we have to do is to continue

in that vein and the farming section of our population will certainly always be grateful to the government.

Speaking about improvement in the lot of the farmers, I think of the many "gloom doomers" on the other side of the house—

Some hon. Members: Oh, oh.

Mr. Martineau: —who have been talking about a slump, about a recession, and about the so-called horrible calamities that have beset the country since, due to unfortunate circumstances, they are no longer the leaders of the country. I really think their zeal is most touching but it is certainly not convincing, especially if one analyses their statements in the light of the plight of the farmers, particularly small farmers such as we have in my riding, who as a class were really completely neglected under the former administration.

In the county of Pontiac we have some very good fairs which are organized each year by the farmers. I believe the outstanding one among them is the Shawville fair, an event which has taken place every year for over 100 years. The farmers of the Shawville area and Pontiac county generally are indeed very pleased to know that the Minister of Agriculture will be able to open the fair in September. Tomorrow another agricultural fair is opening at Quyon, and it will last a couple of days. I take this occasion to invite any of my colleagues who have a bit of time on their hands or who would like a restful change to drive the 30-odd scenic miles up to Pontiac county and visit that fair. I am quite sure they will find it most enjoyable. A little later the Chapeau fair will be held, also one of the outstanding agricultural events of our county.

I am pleased to say that some of the exhibits at these fairs have won wide acclaim and first prizes at some of our national fairs, such as the Royal winter fair. The government has given generous grants to some of these fairs, but I suggest that wherever possible the grants should be increased. It is money that is certainly well spent, and it goes far to promote interest in agricultural events.

As in the county of Timiskaming so in the county of Pontiac there is a crying need for a public investment program. This need is all the more crying in that the county was neglected for a great number of years. There are urgent public works projects that should be initiated and soon. Some of them, such as the construction of the new Bryson bridge, are long overdue. There is a very dangerous situation for the users of that bridge, and I suggest that all measures that may be taken should now be taken without delay to see that this much needed bridge is constructed, as the present structure has proved completely inadequate to carry the traffic which has to go over it.

Other bridges are also needed in the county. I shall mention only two. A bridge is needed from Quyon to Fitzroy Harbour and a new bridge is needed at Chapeau, Quebec. So far as the Quyon bridge is concerned, I believe that such a project could be incorporated into the national capital plan. It was with great gratification that I learned that the government had decided to acquire the green belt on the outskirts of Ottawa. While on that subject, I think Gatineau park, some of which lies within my constituency, should be enlarged. The Quyon bridge could probably then be incorporated in the larger national capital area.

The development of the national capital is perhaps not something for the immediate future, but I believe that in the course of the next decade the city of Ottawa is slated to become one of the great capitals of the world.

I remember coming to Ottawa as a student in the pre-war years, perhaps 20 years ago, and at that time Ottawa was still a kind of village. It may have been a big village but it was still a village, and I am just amazed at the progress which has taken place here during the last 10 years. Ottawa is truly becoming one of the great cities of this country and if we consider the development which has taken place in just one decade—having in mind that 10 years is a very small period of time in the life of a city and still less in the life of a country—we can surely envisage in the not too distant future a city of surpassing beauty on the banks of the Ottawa river.

It therefore behooves the government to look toward those days. I know steps have been taken, but I think the field of activity and progress should be widened so that Ottawa will acquire a green belt and there will be set aside large areas as national park lands in order to complete the national capital program.

It is in this larger area which I have in mind that I believe my own constituency of Pontiac-Timiskaming can play its part because, judging from the opinions of the many tourists who visit us each year, my constituency is one of the beauty spots of Canada. Yet at the present time it lacks tourist accommodation, and I think some consideration should be given by the government with respect to aid to the operators of tourist resorts. The government has already announced that it will bring forward legislation to help small businessmen. I believe

the tourist resort operators should be included in that group, and that their needs should be considered since they do bring considerable sums of money into Canada. In this way my county will have an opportunity to become outstanding, because from the point of view of natural beauty it has all that it takes to become a great tourist attraction.

I have examined the criticisms of the budget in the speeches of hon. members, most of which I actually heard delivered in the house. All I can see in these criticisms is a lot of contradictions, whining and groaning. The critics have singled out the huge deficit, as they call it, and have also talked about unemployment. I do not see why hon. members of the opposition should be particularly alarmed about deficit financing; as a matter of fact practically every minister of finance during the long Liberal regime spoke about cyclical budgetting. They stated that in times of prosperity one had to accumulate a surplus, and that when there was a pause one should not hesitate to have a deficit as a sort of pump primer to the economic wheel. Why should they now deny what they previously accepted as a sacred economic principle? They say there is now a pause, they say there is a recession, and they apply all their energies to exaggerating that condition.

There is, as the Minister of Finance has said, a slackening in the expansion of our economic activity, but there is no desperate crisis such as the members of the opposition would have us believe. In that connection I can truthfully say that in the county of Pontiac there is this year more employment than for a long time, and from reports in the newspapers during the last few days it would seem to me that the members of the opposition have lost 150,000 reasons for their whining and groaning.

I say this because, as everyone knows, unemployment has dropped in one month by 150,000, and that is the greatest drop ever known in a single month. Therefore the reasons for opposition criticisms of the budget are fast disappearing and when unemployment no longer presents a formidable problem I just wonder what the opposition will have to talk about.

In conclusion I would like to renew my congratulations to the Minister of Finance. He understands the economic problems of our country and has taken steps to resolve them. I am sure the methods he has used, some of which are already in effect and have brought results, will solve our economic difficulties, and they do present a logical answer to those difficulties. For these reasons I submit that the subamendment and the amendment should be defeated, and that the resolution of the minister should be supported by this house.

(Translation):

Mr. Adrien Meunier (Papineau): Mr. Speaker, it is customary for the Minister of Finance, when making his budget speech, to deal with all matters relating to the welfare and progress of our country.

The hon. member for Kenora-Rainy River (Mr. Benidickson) called the budget a sick budget. Personally I think it is a lame budget because the Minister of Finance (Mr. Fleming) forgot to deal with an important matter concerning all provinces and more particularly the central provinces. I refer to federal provincial tax arrangements which have been talked about for a long time and to which no final solution has yet been found. Yet, it is a matter of record that when the Minister of Finance sat in the opposition he kept promising that he would find a solution to the problem. In his budget speech, the minister merely referred to it in the following words, as found on page 1234 of *Hansard*:

> Additional financial assistance being given to the provinces will enable them to proceed with needed capital improvements in the provincial and municipal fields.

Mr. Speaker, it seems to me that this vital question should have received more attention on the part of the Minister of Finance; he should have spoken at greater length on this subject. This matter was raised in the house about two weeks ago and it was not dealt with in a satisfactory way that would have told us what to expect, because the Minister of Finance and the Prime Minister (Mr. Diefenbaker) have not yet told us that they will soon call a federal provincial conference nor if they have something better to propose or to substitute for the agreements now in force, that is to say the equalization and stabilization payments.

As far as we, in the province of Quebec are concerned, a province in which this matter has been under public consideration for nearly 15 years, it would be important that we know if the government will maintain the present agreements or if it will return to the province of Quebec its field of direct taxation as requested by the premier of that province.

We have not had the pleasure of hearing ministers representing Quebec constituencies speak on this matter in this house but, in the last election campaign, we heard them say that the province of Quebec had been despoiled and done out of its rights, and that a Conservative government would restore what had been taken away from the province.

However, on June 3 we heard the hon. member for Bellechasse (Mr. Dorion) make a fine legal statement to the house but, unfortunately, since he had used up all his time, we could not find out whether he approved or not of the equalization payments now in force or if he proposed something better and more progressive. I hope that before long the hon. member for Bellechasse, an eminent jurist and lawyer, will speak on behalf of the province of Quebec on this matter and inform us of his conclusions so that we may know what to expect and what is the stand of members from Quebec on this matter. I feel sure that the hon. member will speak for the province of Quebec and will say what he thinks of the tax agreements now in force, and whether he is for or against their maintenance, whether he feels that the province of Quebec should be handed back its powers of direct taxation.

Mr. Speaker, I have no intention of detailing the history of the tax agreements arrived at between the central government and the provinces, nor to repeat that the provinces were forced to accept these agreements, and even to sign them under duress, as has been held by some.

May I simply say that the provinces were by no means obliged to accept the proposed agreements, whose object and aim was to apportion between the provinces the income accruing from direct taxation provided by income tax, corporation taxes and succession duties. It seems that if certain provinces were not satisfied, all they had to do was to levy taxes inside their own borders on the three bases which I have just mentioned and to reject the suggested agreements.

These agreements were arrived at in order to prevent double taxation and to bring relief to the Canadian taxpayer.

It is recognized, under our constitution, that the federal government and the provinces have a concurrent right to direct taxation and the hon. premier of Quebec has at last acknowledged that principle, which he was the only one to reject, since, in 1954, in enacting his own provincial income tax law he had inserted in the bill a preamble stating that provinces had priority over the federal government in the field of direct taxation. Later on, however, he withdrew from that stand by deleting those words about priority.

This principle being acknowledged, Mr. Speaker, what was the aim of the federal government in seeking to reach an agreement with the provinces about direct taxation, and how did the federal government happen to get involved in that problem?

This very complex question is a result of the 1930 depression when the prairie provinces, unable to face their obligations and bending under the load of unemployment relief decided to ask for the assistance of the federal government.

At that time, all provinces were anxious to stop unemployment but, unable and unwilling to do anything, they stated one after the other that unemployment was a national problem, which came under the federal government. This was the time when groups of unemployed marched on Ottawa to force the government to action.

In times of depression and trouble, Mr. Speaker, all problems are referred to the central administration, but in times of prosperity and abundance everyone claims more than his own share. Following that economic depression, the Liberal government, which was back in power in 1935, instituted unemployment insurance and, as everyone knows, millions of dollars are spent each year for the administration of that social security legislation. The provinces did not help the central government at all in the administration of that legislation; however, the federal government must have the revenues required to make it work.

After the 1930's, the Liberal government instituted old age pensions and the provinces gave their approval. Later on, the central government advocated the establishment of arts and trades schools and subscribed a large part of their cost of construction without any protest on the part of the provinces. Later came subsidies for the construction of hospitals, subsidies for public health, pensions for the disabled and the blind and also family allowances. There, again, there was no protest from the provinces, as far as I know, against such steps. For these reasons, I have said and I repeat, Mr. Speaker, that if the obligations of the federal government have no limits, its powers must also be limitless.

Everything is being laid at the door of the central government but, on the other hand, everyone wants a large share of its revenues without wondering whether the central government will be able to meet its undertakings. Let me recall some facts which give a good illustration of this.

A few years ago, when cattle suffering from tuberculosis had to be slaughtered as a measure of protection for human beings, and to keep our livestock healthy, by which government was the job done, and who paid a compensation to our farmers for their losses? It was the central government, and no province protested.

When, a few years ago, an epidemic of foot and mouth disease broke out in the west, in Saskatchewan, what government sent men to destroy the affected cattle, and who paid

an indemnity to the owners? It was the federal government who was involved, with no help whatever from the provinces.

If, for instance, an epidemic broke out tomorrow among cattle in this country, and cattle had to be destroyed and an indemnity paid, who would be called upon to pay the shot? Again the federal government, and the provinces would claim that it is a matter of national concern and not their responsibility.

I feel, Mr. Speaker, that I have demonstrated to a certain extent what are the central government's obligations to the people of Canada, which this government has to fulfil lest it be charged with neglecting its duty. However, to fulfil these obligations the federal government must count on certain revenue.

I claim moreover that the Liberal governments which administered this country for 22 years have always worked with the very best intentions and made serious and sincere efforts to solve any difficult problem. I would hope that the present government will continue along the same lines.

In 1955, the Liberal government proposed equalization and stabilization payments which constitute an equitable distribution of wealth and revenues throughout this country in order to help the poorer, less fortunate provinces. This is a problem which occurs in any federal system, and the government must act in a way that will safeguard national unity and allow every citizen to share equally in the common wealth.

It has been only in the last few years that the two richest and most highly industrialized provinces began to show a desire to break their ties with the central government, without renouncing their rights or privileges. They wanted to avail themselves of their abundant revenues, taking no account of the rest of the country.

Have they forgotten that if they are prosperous and if their industries are thriving, it is because they sell their products in the other provinces? For instance, how many billion dollars worth of agricultural equipment have they sold to the prairie provinces, when we know that certain highly mechanized farms use $20,000 to $25,000 worth of agricultural machinery? How many billion dollars worth of furniture, electrical appliances, cars, radio and television sets, etc., etc., have the central provinces sold to the prairie provinces? It is the sale of these goods manufactured in the central provinces, that keeps their manpower at work and brings them very substantial revenue.

Equalization payments were instituted by the Liberal government in order to correct the situation and allow the citizens of less favoured provinces to attain a level of prosperity and wealth equal to that of other provinces.

We do not know the final policy of the government on this matter. However, the Prime Minister stated in Winnipeg during the last election campaign that his party, while in opposition, had criticized not the principle of sharing the federal treasury with the provinces, but the extent of that sharing, as regards payment of funds to provincial governments. The Minister of Finance (Mr. Fleming), taking the floor on this question on June 2 last, emphasized the needs of the provinces rather than equalization payments.

However, the promise was made during the last election campaign that a conference would be held between the federal government and the provinces to settle this problem once and for all.

When will this conference be held? We do not know yet but, as representatives of the people, we should like to know.

We know the attitude of the premier of Ontario, Mr. Frost. He stated that he was not satisfied with the agreements developed in 1955 and proposed another formula which would bring his province 100 million dollars annually, an amount, he said, the province needs. He took part in the election campaigns of 1957 and 1958 and stated that he would get what he wanted.

I said at the outset that this question has been discussed in the province of Quebec for the past 15 years and that the premier of Quebec, the great champion of the rights of his province, always stated, outside the conferences in which he took part, that he would obtain for his province what had been taken away from it. Of course, he was never clear and precise on this matter and never made concrete suggestions that would lead to a solution of this problem. I just said that the premier of Quebec stated outside of the conferences that he would obtain for his province what had been taken away from it. However, when he comes to Ottawa, he does not speak that way and merely repeats what he said in some previous conference.

Indeed, if we refer to the proceedings of the 1957 conference, we see that the premier of Quebec repeated the same vague and indefinite proposals he had submitted at the 1955 conference. The conclusions of the brief submitted by the province of Quebec are summarized as follows:

(a) qualification and delimitation of the powers of taxation of both the federal and provincial authorities, in accordance with the letter and spirit of the Canadian constitution, that is to say having regard to the past, the present and the future;

(b) simplification of public taxation in such a way as to reduce its cost and facilitate its collection;

(c) moderation in the domain of taxation to be arrived at by the collaboration of all public powers, in such a way as to ease the burden of the taxpayer so far as possible.

As we can see, Mr. Speaker, the position of the premier of Quebec was always vague, confused, indefinite. And I might add that his motivation was very simple: those proposals were made by a Liberal government and the premier of our province wanted to play petty politics instead of working for the progress of our country.

Now that the Conservatives are in power and that the sworn enemies of the prime minister of Quebec are in the opposition, he might modify his attitude and show himself in a more conciliatory mood; in fact, for the last year we have not heard those sarcastic statements on autonomy, on the protection and retrocession of our rights.

Moreover, since the Conservative members from Quebec who were elected to this house have fully agreed with Mr. Duplessis on the question of tax arrangements, would they be so kind as to tell us if they approve equalization and stabilization payments that were introduced by the Liberals but maintained by their own party until now, and approved in principle by their chief, the hon. Prime Minister (Mr. Diefenbaker)?

Could they suggest any better and more concrete way of restoring to Quebec all it was deprived and despoiled of, as the leader of that province used to say?

They did however promise, through the ministers representing constituencies of the province of Quebec, namely the Solicitor General (Mr. Balcer) and the Minister of Mines and Technical Surveys (Mr. Comtois), that everything the Liberal government had taken away by way of taxes and rights would be returned to the province of Quebec.

If there was a gross injustice, I ask that the situation be settled at once and I urge the Minister of Finance to call a federal-provincial conference immediately to that end.

Besides the Conservative members from the province of Quebec who advocated that doctrine during the election campaign—I talked about it a moment ago—during that same period, the Minister of Finance himself stated in the province of Quebec that the provinces could expect justice in the field of taxation. The Minister of Finance came to my riding, in Montreal, on the 18th or 25th of March 1958, and said that the problem would be solved to everyone's satisfaction. I must say, Mr. Speaker, that at the time a wave of conservatism was sweeping over my constituency. After the visit of that hon. minister, where he stated that everyone could expect justice and that the difficult question of taxation as well as that of tax agreements would be settled, I began to gain ground and I was re-elected with the rather comfortable majority of 4,000 votes. I therefore thank the Minister of Finance for his help and I am grateful to him for it. The hon. minister had insisted on that question but he does not seem very anxious now to call a conference with the provinces. In fact, his delay in fulfilling a promise made during the last election, his silence on this subject in his budget speech and the humility for which he is well known lead us to believe that he is satisfied with the way in which the tax problem has been settled in 1955 and that he feels unable to bungle that lasting Liberal piece of work.

(Text):

Mr. J. W. Kucherepa (High Park): Mr. Speaker, rising to take part in this debate I should like at the very outset to add my congratulations to those which have already been extended to the Minister of Finance (Mr. Fleming) for having brought down this realistic budget, his first budget, and the first Conservative budget for over 20 years. I should like to congratulate him on the courageous attitude he has taken and the measures adopted to combat and overcome the many problems which face our economy at the present time. I should not wish to miss the opportunity of saying that for the most part these are problems which were inherited from the previous administration as a result of certain policies set out by that administration during its last days in office. I refer specifically, of course, to the tight money policy. Let me quote from the budget address of the former minister of finance as reported on page 2216 of *Hansard*, March 14, 1957. Mr. Harris said on that occasion, and I quote:

The same excess of demand for goods and services was also reflected in a "tight" credit situation. The monetary policy of the Bank of Canada has been one of restraint, and the fiscal policy of the government has worked in the same direction.

This was the policy of the former Liberal government the members of which party are today speaking diametrically opposite to that policy. So that there may be no confusion in this matter, let me point out that Mr. Harris in his speech that day went on to say:

> It is true that the Bank of Canada could have further increased the supply of money and credit.

But, Mr. Speaker, they did not do this although the former minister and his colleagues were well aware of the repercussions of their actions as exemplified by a still further statement on the part of Mr. Harris as reported at page 2216 of *Hansard* of that day when he said:

> Higher rates of interest have given encouragement to saving, have moderated a certain amount of spending and have caused some capital programs to be postponed.

Let us consider the effect of this policy on municipal governments in Canada as an example of the problems which resulted from such a policy in all spheres of the Canadian economy. In discussing this problem I will use as an example the municipality of metropolitan Toronto with whose problems I am more closely acquainted. This municipal government is operating at the present time on a ten-year plan of capital expansion to cost about $1 billion or approximately $100 million a year. It is proposed to finance about $90 million worth of capital works every year. Despite the high credit rating which this municipal government enjoys both in Canada and in the United States there has been an increase of 2 per cent in the cost of its capital financing and it becomes obvious that a 2 per cent increase in the interest rate on $90 million of projects over a period of 20 years will cost the people of this city $18 million over and above what this financing would have cost if the tight money policy of the previous Liberal administration had not been in effect. Besides this $90 million of capital works program which is debentured over 20 years, as a rule, the people of the metropolitan area of Toronto are taxed in addition with a special two mill capital levy which is collected out of current taxation and which amounts to over $6 million a year and is in effect a device being used by this particular municipal government to overcome to some degree the effects of the tight money policy.

It is not to be wondered that the government of metropolitan Toronto has requested special aid from this government to assist in the building of the proposed east-west subway in the city of Toronto, a project which is estimated to cost about $200 million. The effect of the tight money policy on this project alone, over and above the ordinary debenture charges, will be to add $40 million of cost to this undertaking calculated at the rate of 2 per cent per annum as I have outlined. As a result of this kind of difficulty many public works have been postponed as was predicted by Mr. Harris in March of 1957, and as a result of this postponement the number of unemployed has increased.

The latest results of this tight money policy, I submit, are manifested by the greatly reduced numbers of supporters of that former government sitting in this house today. At this time I should like to make a suggestion to the government with regard to the financing problems facing all our municipalities. There is a statute known as the Municipal Improvements Assistance Act, Revised Statutes of Canada, chapter 183 which provides for loans to municipalities by the federal government to enable a municipality to pay the whole or any part of the cost of constructing or making extensions or improvements to or renewals of a municipal waterworks system, a municipal gas plant, a municipal electric light system, or other municipal project, if the project to be constructed or the extensions or improvements or renewals to be made will be a self-liquidating project, and if the project is urgently needed and will assist in the relief of unemployment for the municipality. Any application by a municipality under this act requires approval by the lieutenant-governor in council for the province and requires a municipality to obtain an undertaking from the province that the province will guarantee to the government of Canada the payment of interest and principal of the loan.

Under this act the interest on such a loan is at the rate of 2 per cent per annum, payable semi-annually, and the loan is to be amortized by semi-annual payments sufficient to pay off the loan during a period fixed by the federal government and such period is not to be longer than the estimated life of the project. This act to my knowledge has never been implemented. I should like to suggest that the government investigate the possibilities of this act having in mind that it was passed in 1938 and therefore might be in need of revision in so far as the aggregate principal amount of loans made under its authority is concerned as well as other items which may be desirable to change at this time.

I should like to take this opportunity of commending the government for the speedy action it took in again amending the housing act, early in this session. I believe this will

help not only to solve some of our housing problems but will also help to relieve some of the unemployment, the roots of which this government inherited from the previous Liberal administration, whose unrealistic tight money policy did so much to create this unfortunate situation.

In September 1957 the new Conservative government made $150 million available for loans on mortgages to stimulate construction of houses, under the National Housing Act, in the fall and winter months. Subsequently, another $150 million was made available, making a total of $300 million in 1957. When the Conservatives took office in June 1957 the Central Mortgage and Housing Corporation had no funds left for new commitments. The new national housing bill which the Conservative government introduced, while not changing the old one in principle went a good deal further to meet the needs of certain people, needs which had not been met in the past.

The effect of this new legislation has been, as was intended, to induce others to lend money under the act and to stimulate construction of low cost housing across Canada. The former Liberal government up to the time of the 1957 election, had not proposed any such amendment; on the contrary, their "tight money" policy ruled out any such possibility. Today they are critical of what the Conservatives did, and did at once on taking office and are continuing to do, as evidenced by the amendment brought in early in this session in this very important field of housing.

Much has been said by members of the Liberal party, regarding the lack of a budget during the last session. I wonder if my hon. friends in the Liberal party are aware that the last Liberal budget was for the fiscal year 1957-58 which did not end until March 31 last. So when hon. members of that party reiterate the question of why there was no budget brought down in the last session, they are in effect arguing that the last Liberal budget should have been scrapped or amended because of its shortcomings.

For the purpose of the record I should like to point out that the Liberals themselves did not feel obligated to present a budget when they called parliament into session on March 19, 1945, and dissolved it on April 16, 1945, with no sign of a new budget to succeed the last previous one of June 26, 1944. Nor was there one until October 12, 1945. The Liberal government in 1944-45 went 16 months without a budget whereas the present government has been in office less than 12 months and has brought in a budget and this in addition to a financial accounting given by the Minister of Finance during the last short session of parliament.

Much has been said by opposition members regarding the lack of tax cuts in the budget before us. They seem to have lost sight of the fact that in this budget the following tax cuts are included which were not present in the 1957-58 budget. The excise tax on automobiles has been cut by 25 per cent, from 10 per cent to 7½ per cent, at an estimated cost of the treasury of $20 million for the full fiscal year 1958-59. In the field of personal income tax, reduction exemptions for children were raised $100. One effect of this will be to free completely from income tax some 100,000 taxpayers. It will also give relief to about one and three-quarter million others. In a full year, the cost to the treasury will be about $60 million.

There has also been a reduction in the tax on income in the first two brackets of the income tax structure, which will benefit every taxpayer in Canada, particularly those whose taxable income is not more than $2,000 and that constitutes about 70 per cent of the taxpayers in this country.

A change was made in the corporation tax rate structure which will be of particular benefit to small corporations, although all corporations will receive a measure of relief. The lower rate of taxation, 20 per cent of profits, which used to apply only to profits of $20,000 or less, has been extended to apply to profits of between $20,000 and $25,000. Some 2,000 corporations which fall into this category will have a tax on profits within this range reduced from 47 per cent to 20 per cent. The cost to the treasury in the full fiscal year will be about $21 million.

The government's plan of spending many more millions on pubic works is obviously a very sound approach to the problem of unemployment. While the government has already cut taxes from the former high Liberal level, the government's public works program does not anticipate the effect that higher spending may have on industrial production but goes to the core of the problem at once. Besides, tax cuts bring immediate relief only to those paying taxes and it is the unemployed, not the taxpayer, whose need is most urgent today.

The Conservative government's tax reductions, higher pensions and abolition of artificial credit restrictions have been helpful, but their full effect has not yet been felt. In the same way, the full effect of the Liberal government's economic mistakes took some time to become evident, and even now in some degree these effects are still with us.

The acceleration of useful public works is, indeed, one of the recognized methods of inoculating and boosting the economy with the resultant increase in employment, trade and prosperity. People of the Toronto area are happy indeed that a substantial works program will be carried out soon in this locality. This program will provide essential public buildings, airport extensions and harbour improvements. More than $15 million will be spent in the metropolitan area and this should help not only to keep employment at a high peak but also to provide for the necessary improvements required to keep pace with the rapid development of this vital area of Canada.

The improvements to Malton and Toronto island airport at a cost of $4,335,000 are long overdue and have been a matter of great concern to the council and people of this area. The expenditure of $4,440,000 will bring about those necessary improvements and repairs to the Toronto harbour, which will provide the important facilities, so essential to accommodate the increased industry and commerce which will result from the opening of the St. Lawrence seaway.

The $5.3 billion budget which is being proposed—the largest in the history of this country in peacetime—will go a long way in stimulating our economy and helping to overcome the problem of unemployment. This sum does not include such items as the government's liabilities under its guarantee of insured loans under the National Housing Act and the variety of other disbursements which altogether are also working toward further stimulation of the economy of this country by this form of public investment. In the past year this amounted to $447 million, which moneys are available from the repayment of loans, insurance and pension accounts receipts and other non-budgetary sources, as shown in the white paper. This year this requirement will reach $755 million. This infusion into the economy should also be a stimulating factor in promoting a higher level of prosperity.

This should certainly satisfy some, if not all, of those critics in the opposition groups who have been asking what this government intends to do for the solution to the problem of unemployment, which I again reiterate was inherited from the previous Liberal administration which refused to recognize the warning signals and which took a course directly opposite—

Mr. Peters: Mr. Speaker, it appears that the hon. member is reading his speech rather than making it orally and this is contrary to citation 144 of Beauchesne.

Mr. Kucherepa: I am referring to notes because of the technical nature of the subject which I am now discussing. As I was saying, Mr. Speaker, the previous Liberal administration refused to recognize the warning signals and as a result of this took a course directly opposite to that which they were advised to take and as a result of that we find ourselves in the present economic dilemma which faces this country.

The members of the opposition made much of the present unemployment situation in Canada and yet in March 1955 when there were more than 400,000 people out of work the same Liberal party did not consider this to be a major problem. To summarize the situation, I should like to refer to page 3556 of *Hansard* of January 21, 1958, and the remarks of Mr. Solon Low, who was then leader of the Social Credit party in this house and a veteran of many parliaments, who had a full opportunity to observe events in this house for many years. He said:

> Mr. Speaker, my colleagues and I have conducted ourselves all through this session as if we believed what I have just said. Now the Leader of the Opposition is asking the government to resign and give over the reins of government to the Liberal party without an election. As I think about that I remember how indifferent the Liberals were on several occasions to high unemployment during wintertime. They claimed it was seasonal and regional and temporary.
>
> Those terms—seasonal, regional and temporary—have been so burned into my conscience that I shall never forget them. When I bear in mind the fact that it was either policies instituted by that party or things they left undone which started this country into stagnation and carried it before last June 10 quite a way down that road; when I think of the tragic decline in farm cash income during the past six years; and when I add to these things the fact that the Liberal party got as far out of touch with the people of Canada as they did, I find it difficult to see for Canadians any advantage whatsoever in a change of government at this time from Conservative to Liberal.

These were the words of the leader of the Social Credit party who sat in this house during the last parliament and indeed they well summarize the situation as to where the roots of this unemployment problem might be traced.

Some hon. members imply that one of the main causes of unemployment in Canada is the suggestion to divert some 15 per cent of our purchases from the United States to the United Kingdom. Mr. Speaker, these hon. members claim that the Americans have reacted by cutting their imports from us. Similarly, perhaps they would have us believe that United States factories have closed down, leaving millions of workers idle because of this suggestion of increasing our trade with our oldest and perhaps one of our best customers in years gone by.

All this talk about United States reprisals is nonsense. The United States buys from

Canada only what they have to buy. Fifteen per cent of our sales from the United States are made up of five main items. Most of the rest that Canada sells to the United States is made up of raw materials needed to keep United States factories going. Obviously, any reduction of these imports would mean idle workers in the United States, and conversely an industrial slow-down in the United States is bound to reduce demands for those Canadian products. This government has nothing but the friendliest feelings for the United States. Our efforts to expand trade with the United Kingdom were never directed against the United States but were aimed at serving the best interests of Canada. It would be in the interest of Canada to expand our trade with the United Kingdom because this would allow Britain to buy goods from Canada with those dollars.

Mr. Speaker, I submit the Liberals had every opportunity to foresee the current trade recession with its resultant unemployment. What did they do? They did nothing. If anything, through their fiscal policy they contributed to it. The fiscal policy outlined in Mr. Harris' budget speech in 1957 confirms this statement.

Some Liberal members criticize the government for policies that they think are harmful to our relations with the United States and at the same time they suggest that Canada should use as a bargaining device our co-operation with the United States in questions of hemispheric defence. I cannot help but quote the Leader of the Opposition (Mr. Pearson) and the remarks he made on May 13, 1958, as reported at page 25 of *Hansard*, and which are as follows:

> We must naturally protect our interests when they are prejudiced by United States policy. We must, for instance, make it quite clear that the United States cannot expect full and complete co-operation in continental defence, which is desirable, if she treats us unfairly in her tariff and trade policies.

I submit that this kind of Liberal policy as enunciated by the leader of that party is not worthy of one who has had such vast experience in the field of international affairs and who should realize the serious implications of such a move. It is certainly not a matter for bargaining or bartering for special economic considerations which, I am sure, can be achieved through friendly negotiations between the governments of the United States and Canada.

I should like to refer now to the Liberal amendment which was in these words:

> This house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction.

The Liberal amendment before us is most incongruous. On the one hand, it criticizes the government for failing to take steps in fighting the recession. I presume what is meant by that is increased spending as suggested by the Liberal party during the recent election campaign. Their propaganda, as manifested by the crash program of $400 million of further tax reductions plus a six weeks tax holiday, seems to indicate to me that this is their thinking on this matter. Yet in the same breath the amendment implies criticism of the government for spending too much when it refers to the largest peacetime deficit in Canadian history. It appears to me that whoever masterminded this amendment does not believe in the maxim, "you can't have your cake and eat it too".

The second part of the amendment is also ambiguous and without too much meaning when read in conjunction with the statement of the Leader of the Opposition made on May 13 last to which I referred a few moments ago. If I may refresh the memories of hon. members, this is the way it went:

> We must naturally protect our interests when they are prejudiced by United States policy. We must, for instance, make it quite clear that the United States cannot expect full and complete co-operation in continental defence, which is desirable, if she treats us unfairly in her tariff trade policies.

This statement implies that the United States is unfair to us in her tariff and trade policies. This, of course, is contrary to what the amendment contains when it says, "that it"—meaning the government—"is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction." So, Mr. Speaker, the amendment does not seem to have very much in the way of substance when it is so incohesive.

The C.C.F. amendment, of course, can best be understood in the light of the sum total of the remarks made by members of that group, especially in the light of the remarks made by the hon. member for Burnaby-Coquitlam (Mr. Regier), who on the one hand referred to the Prime Minister (Mr. Diefenbaker) in the most derogatory terms and on the other hand alluded to the kindness of the Soviet ambassador in Ottawa in affording him a free plane trip to British Columbia. In the light of this kind of thinking, there is not much point in discussing their amendment.

This debate affords me an opportunity to discuss another matter of international importance. We in Canada are of necessity spending many millions of dollars on defence each year while the international situation

remains tense and strained, no worse and no better than it has been for some years.

Mr. Peters: Mr. Speaker, I have listened very carefully and I do not feel that this speech is so technical as to warrant reading. I would ask Your Honour to so direct the hon. member.

An hon. Member: You have not been in the house to know.

Mr. Kucherepa: I am merely referring to my notes from time to time. I am sure the hon. member who has objected has read more speeches in this house than any of the members now present.

Mr. Peters: Mr. Speaker, I have not read my speeches and I am asking that the hon. member not be allowed to do so.

Mr. Deputy Speaker: Once again I must ask hon. members not to refer to notes too extensively and to deliver their speeches rather than read them.

Mr. Kucherepa: As I was saying, Mr. Speaker, the western world has developed powerful military alliances which today are the greatest deterrent to war and aggression and which will continue to be essential for some time to come in maintaining the liberty and freedom which we in the western world still have with us today.

It is true that world peace now rests on power so threatening that neither side dares to use it. That being so, what we need now more than anything else is to return to that kind of rational thinking through which, by sincere inquiry and debate, we can distinguish the true and the false, the right and the wrong.

We must not take a defensive position on these international matters but we should bolster our now strong military alliances by furthering economic co-operation with our allies and other free countries to a similar degree so as to counteract the new challenge in the field of trade. Apparently the Soviet government believes this to be our vulnerable position. Therefore we should not hesitate to take steps to ensure a strong economic front among the free countries of the world at the earliest possible opportunity.

At the same time we must demonstrate that our values and ideas, shared by millions of others, represent a positive way of life based on great traditions of truth and justice which have been recognized as the unwritten international law throughout the centuries. This should be the basis of our thinking. I cannot help but reflect upon the inspiring words that the Prime Minister of the United Kingdom uttered in this house on June 13 last, and I quote from page 1151 of *Hansard*:

> You may ask how will it all end. I do not believe that we need fear the future if we hold firm to our faith and our ideals. In time even the monolithic dictatorships crumble and change, for although the free world by its very diversity often seems weak, in its variety and above all in its freedom it is fundamentally strong. I do not believe that a purely materialistic concept of life will forever satisfy men and women; nor do I fear a continuing struggle of ideas. This I think should be our chosen battleground.

If we can measure up to this conception in international affairs, then I believe that we will be able to solve the problems that confront us in the world today. Without this kind of foundation, neither meetings at the summit nor conferences in the capitals of the world can bring us enduring peace or security.

What we need today is to respect those international institutions such as the United Nations where debate can take place and where truth must eventually come to the fore. We must not be too eager to exchange the role of the United Nations for that of summit conferences. When we did that in the thirties, when we abandoned the League of Nations and pinned our hopes on a kind of summit meeting, the results were disastrous. The proper place and the best place for our deliberations on these vital matters is the United Nations, in full view of all the nations of the world. Summit conferences should be complementary to the United Nations but should not become a substitute for the United Nations.

In a way, time is on our side. It will not be the number of guided missiles or any other armament which will determine our future. It will be our spirit and our devotion to the principles of democracy and Christianity, upon which our traditions are based and from which our progress has stemmed. True, we must maintain our defences for some time to come and we must also expand our economic alliances and meet the challenge of assisting the hungry free nations of the world.

Recent events in Hungary only underline the situation as it exists in eastern and central Europe today. There, many races, enslaved by communist tyranny, look to us in the west with hope that justice will be done and that liberty will once more assert itself in their midst. We must never become complacent, self-satisfied or apathetic if we are to maintain our liberties and also be of service to those less fortunate than ourselves who are today the victims of brutal communist subjugation.

Then, in the battle of ideologies, ours will triumph because it has stood the test of time whereas the communist philosophy, being what it is, will disintegrate, disappear and

go the way of all dictatorships. When this happens, our various efforts within the commonwealth, in NATO, in the United Nations and in other similar undertakings will be crowned with success and will help to achieve freedom and enduring peace, not only for ourselves but for those many nations now enslaved by international communism.

Mr. J. M. Forgie (Renfrew North): Mr. Speaker, I would like to read from the eighth paragraph in the speech from the throne as follows:

> You will be asked to approve a number of measures and appropriations to continue and extend the program of my government in sustaining employment by the acceleration of useful public works and by encouraging the development and processing of our natural resources.

I have listened to most of the debates which have taken place in this house since the presentation of the budget but I have yet to find a clue as to what policy the present administration intends to follow with respect to unemployment. The administration now in power must cure the unemployment situation; the responsibility for this matter is squarely on the shoulders of this administration and it must now prove its worth.

Unemployment was not an issue in 1957 when the Liberal administration was in office. In this connection I would like to refer to the statement of the present Minister of Finance (Mr. Fleming) made when he was a member of the opposition party during the year 1955. This statement bears repeating, and the minister said at that time—

> When we entered this debate several weeks ago I am sure that all hon. members expected that the government would avail itself of this opportunity to make an announcement of whatever policy it proposed in order to grapple with a situation which is assuming emergent proportions.

Then he went on to say:

> This session opened 2½ months ago with a statement by the government contained in the speech from the throne as follows: "Some employment of a regional and seasonal nature is being experienced".

As has been said, the Minister of Finance has described the present unemployment situation as a fairly mild recession. He must accept full responsibility for that statement, made at a time when there were over 500,000 people out of work. This budget brought down by the Minister of Finance is a political expedient but the administration has been unable since 1957 to find a solution to the problem of unemployment. If this were not so we would not have had a march on the parliament buildings such as we experienced yesterday. Those unemployed people returned to their homes frustrated and disconsolate.

This is a serious matter but the present administration is seemingly living from day to day and it might be said that their motto is: seize the day and trust as little as possible to tomorrow. The public expects the administration to solve the problem and while public works will be of assistance such relief would only be temporary and the unemployed need permanent jobs. Such permanency can only be attained by a reduction in personal and corporation taxes with a consequent expansion in trade. Such tax reductions must take place now when industrial profits are dropping and our unemployment is the highest in history. The cushioning effects of extended benefits are now disappearing, thus increasing the hardships of the unemployed.

We find on the order paper a resolution to increase the capital of the Canadian farm loan board. That is apparently as far as the resolution goes and the government seems to be awaiting a debate on this resolution in order to formulate a farm policy. In the speech from the throne we read of amendments to certain acts but up to now there is not one inkling of any realistic approach to a practical farm policy.

So that the farmers of our nation will not conclude that the Liberal party has nothing constructive to say on this question I wish to present in brief form, as my time is limited, the salient features of our policy in this frightfully important matter. We shall be interested to hear from the Minister of Agriculture (Mr. Harkness) with respect to the farm policy of the government. At page 1892 of *Hansard* of March 5, 1957 he is reported to have said:

> I think there is no question that one of the most serious features of our whole agricultural economy and set-up at the present time is that the great majority of farmers now are getting in the older age brackets. The number of young farmers is comparatively small, and the reason for that essentially is the extremely high cost of buying and equipping a farm at the present time. It is impossible for a young man with a very small amount of capital to go into farming as it was possible, and as thousands and hundreds of thousands did, 50 or 60 years ago.
>
> If our agricultural economy is to continue on a sound basis it is essential that we get more young men into agriculture, and that can only be done if funds are made available to young men, who are interested in the agricultural life to purchase and equip those farms. I know the present act is not adequate to do that to anything like the extent that is necessary.

From the findings of the Gordon report and the submission to the government by the interprovincial farm council it is apparent that our farm population is steadily declining. In 1840, 70 per cent of the population of Canada was engaged in agriculture; in 1940 the percentage was 33 per cent, and in 1956 it was 13 per cent. To most of us these are startling figures. I do not think we can ignore the fact that the notable prosperity arising from the rapid development of our country during the past 20 years has

by-passed the farms. There are different phases of agriculture in Canada—the maritimes with their emphasis on products other than grains; Ontario and Quebec with their mixed farming; the prairies with their overwhelming stake in wheat; and British Columbia of course, with its emphasis on fruits.

The export markets have not treated our farmers too kindly. What of the future? On page 159 of the Gordon report we find this statement:

> We have already expressed the opinion that, in time, price and other changes in U.S. agriculture may bring supply and demand sufficiently into balance so that agricultural surpluses will cease to be chronic.

That may be overly sanguine but it would stretch even the limits of our optimism to believe that over the next 25 years the U.S. farmers will be so powerless, the inducements offered them so slight, and the remedies applied to overproduction so drastic as to leave much room in the U.S. market for increased imports of Canadian foodstuffs. At the present time, however, it would appear that our farmer will enjoy a good export market in the United States for beef cattle for the next four or five years unless hit by a tariff. Livestock and livestock products are by far the largest source of income to Canadian farmers. They yielded $854 million in 1955. The estimated cattle population in 1957 was 10,293,000, and the hog population 5,160,000.

To improve farm conditions and to enable the farmer to obtain a greater share of our prosperity, the Liberal party enunciated a farm policy in January of this year which was reiterated and enlarged upon by the Leader of the Opposition (Mr. Pearson) at Cudworth, Saskatchewan on February 27. The government must come to grips with and solve this serious problem that is facing the farmers of both western and eastern Canada. These problems are not identical, however, for the western and eastern sections of our country. They are not even identical in the three western provinces of Manitoba, Saskatchewan and Alberta. I should like to read a paragraph from the Gordon report at page 175, as follows:

> Adjustment of farm organization and farm production to changing economic circumstances, including changing technology, will also, in our opinion, call in some instances for rather more generous credit arrangements than are now available. Too easy credit can aggravate farm problems by inducing an expansion in output that would lead to lower prices. Scarcity of credit, on the other hand, can prevent a desirable rise in agricultural productivity by perpetuating antiquated types of farm organization. As the mechanization of Canadian farms continues, some farmers in all parts of the country will need more medium-term capital to enable them to buy machinery and equipment, and more long-term capital to enable them to enlarge their holdings, while the rise in demand for meat will mean that more capital will also be needed for the purchase of livestock. As the result of these cumulative developments, the capital value of farm businesses will be rising on the average; and there will be difficulty in transferring them from one owner to another—in many cases it will be from father to son—unless somewhat more generous credit arrangements are available. So long as farm incomes are relatively low and irregular, it is important that fixed annual payments on mortgages and other forms of indebtedness be no larger than is necessary. Appropriate rates of interest will vary from time to time, but annual payments can be reduced by extending the number of years over which the principal will be repaid. Since the long-range prospects for farm income and for the ability of farmers to service loans would seem to be favourable, we think that farm credit agencies might appropriately extend the period of repayment up to 40 years for long-term loans and up to five or six years for medium-term loans. Extension of credit on somewhat easier terms is one way by which the adjustment of Canadian farming to changing economic conditions can be facilitated. Another way is by altering the emphasis of research programs. In view of the heavy demand that is anticipated for beef and other livestock products, it would seem sensible for research programs to stress the improvement of beef cattle, feeding for beef production, of forage crops, and the carrying capacity of grasslands.

As I see the requirements of western Canada they are as follows: First, there is increased population by immigration. In 1957, 282,000 immigrants entered Canada, a greater number than in any other year since 1913 and brought the post-war total up to 1,700,000. Had it not been for this powerful addition to our manpower, Canada would not have progressed and expanded in the way in which it has since the war. In the next quarter century Canada will need all the morally, mentally and physically healthy people who will wish to come to our shores. It will be interesting to see what will happen this year. If the British immigration figures for 1958 mean anything, we shall surely scrape the bottom this year.

The second requirement is mixed farming that will result when immigration is stepped up, particularly in western Canada. That should reduce wheat productions. The third requirement is the establishment of industries and the fourth is the development of a leguminous rotation cash crop as, for instance, soybeans, particularly in Saskatchewan.

The government must provide funds to accelerate research in order to provide, particularly in Saskatchewan, a profitable leguminous cash crop such as the one I mentioned, namely the soybean. For this crop particular types of soil are required. Such a crop would be the answer to the wheat surplus problem provided that research will develop a seed that will ripen before the arrival of the early frost that sometimes hits Saskatchewan in August. Much research has already been done in this line. I have

been advised by the authorities that a grant of $20,000 a year would be sufficient for this purpose.

A study of the European market requirements will reveal that there is a market in Great Britain and in Europe today for over 100 million bushels of soybeans. The last shipment of soybeans exported from Ontario to Germany was sold at $2.55 a bushel. The highest yield in Ontario, as far as I know, has been 69¼ bushels to the acre obtained on Pelee island in lake Erie. Practically all the soybeans now grown in Canada come from western and southwestern Ontario. In 1936 about 1,000 acres of soybeans were grown in that section of the country. Last year the acreage was 264,000. An additional 4,000 acres were grown near Morden, Manitoba but the difficulty has been that the oil content has been somewhat low and the average yield has been only 12 bushels to the acre in comparison with 24 bushels to the acre in the province of Ontario last year. However, research is being carried on at the University of Manitoba and has been going on for some time in an effort to secure a better type of bean for that section of the country. Also I am advised that soybeans have been grown near Saskatoon and Indian Head.

The oil development which played such an important part in adding to Alberta's prosperity pinched out in Manitoba, so that diversification of the economy in Manitoba had to be sought by other means to give it a broader base. Agriculture still is the underpinning of Manitoba's economy, with better than 49,000 farms being worked and with production worth $248 million last year. But there is considerable diversification here, with substantial production of crops other than grain, and with livestock accounting for close to half of recent annual returns. Farm income has not increased substantially, but farming has become a dependable business rather than a hazardous occupation.

The big bonanza for Manitoba has been growth of manufacturing. In the past seven years expansion in this area of the economy has been of the order of 40 per cent, with industrial production exceeding $700 million in value last year. Some 1,650 plants give employment to more than 50,000 people of a provincial population of 850,000.

Significant as to what happened is the increase in the production of metal and mineral products, which had a value of $77 million in 1951 and last year was worth $143 million. Wood products, chemicals, electrical apparatus and building materials also have shown spectacular growth. The people of Manitoba have good reason to be proud of the achievements of the post-war period and the consolidation of it in the last few years.

Mr. Stinson: Particularly in the past few weeks.

Mr. Forgie: The dynamic factors in the agricultural picture of the future will likely be technological improvements, growth of the domestic market and conservation. Scientific farming, with proper care of the soil and careful choice of the crops, will play a leading part in increasing and maintaining output.

Farm problems of east and west are similar in the matter of financial assistance that should be given by federal and provincial governments. I do not suggest that all assistance to farmers should come from the federal government, Mr. Speaker. I think the provinces will have to co-operate as the provinces of Quebec and Ontario are doing at the present time.

To assist the farmers throughout the country, we in the opposition feel that certain steps must be taken that will not only yield a higher financial return to the farmers but will strengthen the family farm and conserve and improve the fertility of farm lands. Acting on this belief we passed a resolution in January of this year to provide all possible help to farmers to improve their economic position by expansion and extension of existing farm credit facilities at present provided by the Canadian farm loan board, the Canadian Farm Loan Act, the Farm Improvement Loan Act and the Veterans Land Act into a complete program of short-term, intermediate and long-term credit.

Such a program would make readily available, at low interest rates, adequate long term capital for farm improvement, the maintenance of the family farm as a healthy economic unit, the purchase of farms by qualified young farmers with small cash payments, and the consolidation of farms. In the estimation of many this program would revolutionize farming in Canada. And, as I said, great emphasis should be placed on agricultural research to find methods of improving and diversifying farm products and introducing new species and new techniques and lowering costs.

To carry out this program for credit assistance we would establish a farm development bank. This bank would control and coordinate all government activities in this field and supervise the loans except those under the Veterans Land Act. That would involve removing the farm loan board from the Department of Finance and placing it and certain

other credit functions under a farm development bank directly responsible to the government.

This farm development bank, combined with improved research and proper land use, expresses our basic policy for the long term improvement of the position of all sections of the agricultural community.

We would also like to make it easier to improve farm homes. We think the time has come when more should be done for rural housing than has been possible in the past. We think that because of the rapid growth of our towns and cities there has been, perhaps inevitably, in recent years too much concentration on government assistance for urban housing. That certainly was a vitally important problem at the time and in some parts of Canada it still is, but surely there is an urgent need to improve housing in the rural areas and small towns.

In reading speeches made by members of the house in 1956 on the Canadian Farm Loan Act, as well as the discussions that took place before the banking and commerce committee, I would think it is fairly well agreed: first, that the loans should be increased to 75 per cent of the appraised value of the land and the maximum amount of the loan increased to $20,000. Second, that regional advisory boards of not more than three members should be set up by the farm development bank to hear applications and question applicants for a loan. Authority to set up one board in each province is contained in the 1935 amendment to the Canadian Farm Loan Act, but one board for each province is inadequate. Third, that the appraisal staff should be increased, and, in this connection, I think all those in the agriculture committee, and the majority of the members who spoke in 1956 and 1957, are of the opinion that V.L.A. appraisers should and could be used by the farm bank.

In the administration of the V.L.A., supervisors call on the veterans in their district from time to time and assist young farmers by way of advice and suggestions. They are well trained men with good judgment. Good public relations such as exist under the V.L.A. are most desirable in dealing with farmers. As I said, V.L.A. appraisers could be used to assist appraisers appointed by the farm bank.

Small farms form part of our sound social structure and should be encouraged, and the operators should receive adequate government assistance, both federal and provincial. The government must do all in its power to prevent a further decline in farm population. If we desire to keep our young people on the farms, we must give them some encouragement, especially in the form of adequate financial assistance.

The splendid state of affairs under the Veterans Land Act is in large measure attributable to the field men or supervisors of the V.L.A. The Minister of Veterans Affairs (Mr. Brooks) in his address at Edmonton in May said:

> Undoubtedly a good deal of the credit for this fine record belongs to the V.L.A. field supervisors, who have become experts in advising the settlers on how to use their resources to the best advantage in order to neutralize, to some extent, at least, any unfavourable prices for farm products.
>
> V.L.A. officials are presently engaged in a survey to determine what is needed to improve the incomes of our full time farmers. So far they have analysed reports on the farm business of over 3,000 settlers and have found that the key to the problem for most of them is more capital. The survey is continuing, and we are studying the possibility of making more supervised capital available to these farmers.

Full time farmers under the V.L.A. are being well served. Loans under the Veterans Land Act are showing a decline, and before long these appraisers and supervisors could be absorbed by the farm development bank that we have previously advocated. Last year 2,400 full time farming loans under the V.L.A. were paid off and there were only 435 new applications. So, Mr. Speaker, the work of the V.L.A. appraisers is on the decline.

The lapse of time is too great from the date of the application to the completion of processing the loan. That delay is caused mainly through the scarcity of qualified appraisers. As for the processing of the loan, there are delays beyond the control of the board. These delays have all been set out in the banking and commerce and the agriculture committees. There is no need to repeat them. Long term loans and low rate of interest on capital invested in farming is the hard core of the problem of financing agriculture, particularly young farmers starting to farm.

The amount of capital a farmer needs to reach reasonable efficiency varies from $10,000 or $15,000 and in many cases more. Agriculture represents immense long term capital investment. Recent estimates put the value of Canadian farms and buildings, implements and machinery and livestock at $10,000 million. Land is normally a non-depreciating asset, except, of course, when the farmer neglects his soil by failure to fertilize or properly rotate his crops. Livestock represents a semi-permanent investment since it may be renewed by reproduction. Farm machinery is subject to depreciation and obsolescence and, consequently, loans should be for a short term only. Lower rates

of interest and longer periods of repayment are essential to start a young man on the farm.

It has been pointed out by the chairman of the Canadian farm loan board that 25 per cent of the loans have been made for the consolidation of debts and it may be that there has been a significant increase in loans for this purpose. If so, this is a condition that must be seriously considered. Many of these farmers really cannot make a go of it because their acreage is too meagre or the amount of livestock inadequate to operate economically.

Today, banks and mortgage and insurance companies can find more lucrative and less risky loans than farm loans, and hence a farm development bank would soon become the only practical source of credit for our farmers, and especially of long term credit with low interest rates. And I may say, judging from the comments of farmers for whom I have acted in connection with Canadian farm loan board loans, that they are satisfied with a ceiling of $15,000 to $20,000. In an effort to have loans processed in the early spring farmers should be urged to have their applications in a month or so before the snow comes, and all appraisals should be completed before that time. This is not insurmountable.

In my riding many farmers work out after harvesting at carpentering and other jobs. Their take-home pay is substantial but, as the chairman of the Canadian farm loan board said, there is no objection to that so long as the operations of his farm do not suffer. In fact, in the Canadian Farm Loan Act a "farmer" is described as one whose principal occupation is farming.

In conclusion, Mr. Speaker, while all those recommendations are worth while, we in the opposition stand firm in our conviction that until there is a consolidation of the different legislative enactments aimed at improving the lot of the Canadian farmer through the establishment of a farm development bank and supervised loans no effective and satisfactory economical results can be attained for the farmers of our country. The small size farm is so necessary in Canada. Few of us would like to see small farms replaced by corporate farming. When a farm development act is established and operating we shall witness a lasting improvement in farm conditions and farm economy and a general upsurge in business throughout the nation which will result in restoring employment to a vast number of unemployed, and thus fulfil a two-fold purpose.

[Mr. Forgie.]

Mr. Charlton: Mr. Speaker, would the hon. member permit a question? Is he aware that the amendments he is now suggesting for the Canadian Farm Loan Act were suggested when we were sitting on those very benches and our proposal was turned down by the party which then formed the government and of which he is a member?

Mr. Pallett: Well, you are aware of it now.

Mr. Forgie: No, I am not aware of that.

Mr. Habel: Are you doing anything about it now?

(Translation):

Mr. Aristide Rompre (Portneuf): Mr. Speaker, like other members who preceded me in this budget debate, and even before that, I wish to express to the chairman of the house, to the deputy chairman and to yourself, their assistant, my congratulations. I could not omit congratulating the two new ministers.

As mayor of a municipality, together with those in this house who fill the same post in the province of Quebec, may I say to the hon. member for Lotbiniere (Mr. O'Hurley) how much the union of county councils of the province of Quebec, of which he is the president, feels honoured for the confidence shown him in his appointment as Minister of Defence Production.

Mr. Speaker, I must say that it is to me a great honour, one shared by my family, to be sitting in this House of Commons as member for the constituency of Portneuf. I therefore sincerely thank the electors of that constituency for this mark of confidence and assure them of my whole-hearted devotion to their interests for the duration of my mandate. The last time that this constituency was represented by a Conservative member was in 1882, but there is no doubt that, in future, with the progressive and reassuring policies of the present government, under the talented and wise leadership of its valiant leader, the Conservative party is assured of the confidence of the people there for many elections to come.

My congratulations go out also to the Minister of Finance (Mr. Fleming) for bringing down a budget in keeping with present economic conditions. The budget provides large expenditures for public works designed to increase employment and to remedy that deplorable condition of unemployment due to the lack of foresight and to the inertia of the former administration.

Because of my experience in the municipal field, I feel it was a generous move to exempt municipal corporations from the sales tax on materials used in the setting up of a fire-fighting system and other systems under municipal control.

Mr. Speaker, as was noted by several newspapers, it has been very rare that any part of a budget speech has been given in French, as was done by the Minister of Finance. That, to me, is a source of great satisfaction.

I would now like to give a few facts concerning the constituency I represent. Geographically it is only a few miles southwest of the old historic city of Quebec, which is now celebrating the 350th anniversary of its founding. The constituency is bound on one side by the north shore of the majestic St. Lawrence, over a distance of about 40 miles, between Grondines and St. Augustin. On the opposite side is the Laurentian mountain range covered with a great and rich variety of timber which contributes to the operations of several sawmills and pulp and paper mills of the area.

The population of this constituency is evenly divided between farmers and industrial workers. From the agricultural point of view, large scale farming is the main activity. Dairy products are processed there for marketing purposes, either into butter or into powdered milk.

I take this opportunity, Mr. Speaker, to express to the government all my satisfaction and that of the agricultural organizations which forwarded me some resolutions about the Agricultural Stabilization Act enacted by the last parliament. Particularly in so far as my constituency is concerned, I am very proud to extend my congratulations to the government, about the very satisfactory level where the guaranteed price of butter has been set for the next year.

I wish to point out that some communities of my riding specialize in the production of potatoes, that the maple syrup industry means a rather important supplement to the revenue of many farmers and that the setting of a support price for each of these two products would be desirable and would contribute to a more stable revenue to which the farmer is entitled since he must set his budget for the whole year, not to mention that it would remove his uncertainty about future markets. I also express the wish that a serious study will be made with a view to setting a support price for pulpwood derived from family wood-lots, a product which is also an essential factor in the revenue of many of our farmers.

A few years ago, the federal government was helping the maple syrup producer by paying him a subsidy representing one third of the purchase price of aluminum pails. That subsidy is still paid in the same amount by the provincial government and there again, Mr. Speaker, I express the wish,—it is also the wish of many maple syrup producers,—that this subsidy will again be granted. The restoration of that policy would substantially help that class of farmers and would at the same time contribute to the production of a better quality product, that would fetch better prices.

There are in my constituency a few communities where farms are not favoured with a loamy and very productive soil. Although I am no expert in this field, I nevertheless wish to refer to some suggestions made to me by several owners of such farms, to the effect that a grant for the claying of their land would be of great help since it would contribute to increase productivity and help them derive a better income from this land.

There is in Portneuf a provincial forestry school where, each year, sons of farmers follow seasonal classes. I feel that it would be wise to encourage by grants the reforestation of some parts of the unproductive farms, as this would create a substantial asset for the coming generation.

With regard to industry, I must point out that the working people in my constituency are mostly employed in pulp and paper mills as well as in a number of sawmills. The lumber industry which feeds these other operations constitutes a rather important source of employment.

There is also, at St. Basile, a cement plant that turns out a good quality product. That industry is only a few years old and is very prosperous.

The quarries of Riviere-a-Pierre provide a granite of incomparable quality, and similar products at St. Marc des Carrieres are another source of employment for our workers. As was done by my good friend, the hon. member for Stanstead (Mr. Letourneau), I draw the attention of the Minister of Public Works (Mr. Green) on that fact and I express the hope that these localities specializing in the production of cut stone will be called upon to provide at least part of the raw material needed for the construction of the public buildings mentioned in the estimates for this year.

I draw the attention of the government to the importation of American cut stone from

the Indiana Lime Stone quarries. It would be desirable that steps be taken to avoid such competition which is harmful to an industry which is of vital importance to the communities I have just mentioned.

The other main industrial centres are Donnacona, noted for its paper and wallboard industry, a very fine product widely used in the interior finishing of houses and public buildings, and St. Raymond whose industry is largely dependent on forest products, as are the industries of Pont Rouge and Portneuf where similar plants are found.

The largest streams flowing through the constituency are the Jacques Cartier, St. Anne and Batiscan rivers, much used by the industries and the municipalities I just mentioned either for floating pulpwood or feeding power plants.

I am convinced that the $450 million put at the disposal of the Central Housing and Mortgage Corporation at the beginning of this session by this government will greatly contribute to a revival of activity in those industries whose products are used in housing.

As regards the other communities along the St. Lawrence river, some of them are agricultural but others, for instance Deschambault and Grondines, have been characterized for many generations as the birthplaces of marine officers such as pilots, captains and others.

May I now mention another great natural resource of the area. I refer to the innumerable rivers and lakes teeming with plenty of fish and situated in a vast forest district where game is plentiful. That makes the area very attractive to tourists.

My constituency comprises an area whose subsoil is rich in minerals and for years has been giving to one category of local labour the advantage of honestly earning its living.

I unfortunately have to regret the suspension of operations of the two mining companies which produced zinc and lead at Montauban-les-Mines. I refer to the Anacon Lead Mines Limited and the United Montauban which closed down in 1955, laying off 300 of their employees.

This mining centre has become a ghost town, which gives a striking idea of the previous Liberal government's improvident and stand-pat policy which I mentioned at the ouset of my remarks. That is also an example of the heritage left to this government.

[Mr. Rompre.]

To remedy this urgent situation, I would suggest public works. I think it would be important to build a retaining wall along the north shore of the St. Lawrence river to prevent the erosion caused by the tides and by the waves in the wake of the big ships going up or down the channel. This erosion causes considerable damage to property along the shore where houses of great value have been built. This work is absolutely necessary in several parishes of my constituency situated along the St. Lawrence river. May I point out to the house that the extension of the wall already existing along the St. Anne river to protect shore properties from the considerable damage caused by floods such as the one of December last would be a great help to the people of St. Raymond.

In the field of social security, while not unmindful of the generosity of the present government during the last session, I will, Mr. Speaker, put before the house several resolutions that were forwarded to me by various executive councils of parochial associations in my constituency requesting the government to pay family allowances up to 18 years of age in respect of children who continue their studies. Needless to say, I share those views. I believe, Mr. Speaker, that steps such as this would be of financial assistance to parents and would advance the cause of education. Another important social security measure would be the payment of a pension to widows and single women at age sixty. These people have a great deal of difficulty in finding employment, and special attention should be paid to their needs.

These remarks that I have just submitted to the house, in the course of which I have advanced a few suggestions with regard to the solution of problems which are of particular interest to my constituents, were offered in the hope of making a modest contribution to the work of this house, in order to attain that object which we all pursue in common, that is to say in order to ensure the greatest possible degree of wealth, prosperity and security for all our fellow citizens. I am convinced, Mr. Speaker, that with the sincere and conscientious co-operation of all members of this house we will, in fact, reach that goal.

(Text):

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I sometimes wonder who has the most difficult task in a parliament, the Prime Minister (Mr. Diefenbaker), the Leader of the

Opposition (Mr. Pearson) or the Minister of Finance (Mr. Fleming). Quite bluntly, I think I have to come to the conclusion that the man who has the most difficult task in a parliament is the Minister of Finance. He is damned if he does, and he is damned if he does not. As far as the present budget is concerned, he is going to have to be damned because he does not.

I think all of us have either read or listened with a great deal of interest to the statements of cabinet ministers at various times. We listened to and read the speech from the throne, and I have listened to, read and reread the budget speech. My own feeling on the matter is that I find it difficult to understand just what is government policy. I am inclined to the belief that cabinet ministers are trying to ride two horses at the same time. I have oft-times seen this done by acrobats at circuses but I do not think it has any place in politics or in parliament.

Over the weeks, if not over the months, the Prime Minister has been trying to impress upon the Canadian people the need to spend, to spend and to spend, and I can understand—we can all understand—his thinking in that regard. Undoubtedly he is motivated by the thought that if the people of Canada will just spend and spend the money will go for capital purchases in part but consumer goods in the main and heavy expenditure by the people on capital purchases and consumer goods will so lower inventories that the factories can commence to roll at full speed again and consequently our basic resource industries also. As I said, that can be understood with that motivation if we do not tie it in with the budget of the Minister of Finance. The Minister of Finance, in contradistinction to the economic policy of the Prime Minister, has announced a deficit on current expenditure in the next twelve months of some $641 million. In addition, he quite honestly tells the house that in the next twelve months the government will have to go to the people for loans amounting to close to $3½ billion. I think I am correct in saying that in a speech recently the Minister of Finance said that in all probability borrowing approaches will be made perhaps once a month.

Mr. Fleming (Eglinton): No, I never said that.

Mr. Winch: The minister may not have said that but I think he said that he hoped a great deal of it could be financed in Canada. I presume I am correct in that statement.

Mr. Fleming (Eglinton): I hope that all government borrowings will be financed in Canada.

Mr. Winch: That is the situation then, $3½ billion in the next twelve months.

Mr. Fleming (Eglinton): That includes what was raised six weeks ago in the $950 million issue at that time.

Mr. Winch: That is right but it is still $3½ billion in twelve months. As has been stated by the Minister of Finance, he hopes that all government borrowings can be raised in Canada. This money must come either out of potential investment capital or out of the savings of the people. It cannot come from any other source because there are no other sources except savings or reserve capital.

Mr. Fleming (Eglinton): I do not wish to interrupt my hon. friend, but I am sure he realizes that in that figure of $3.4 billion which was mentioned there is approximately $2 billion of maturing securities which in the ordinary course we would expect the holders of those maturities to reinvest.

Mr. Winch: That is a nice way of getting out of it, but because you cannot meet your maturing bonds you have got to borrow in order to cover them. It still amounts to the fact that the government is going to the people of Canada for this amount of money which has to come from two sources. You cannot lend money to the government and at the same time spend it on consumer goods. The two are diametrically opposed. As far as I am concerned, I admit that I am completely confused by what appears to be a confusing and contradictory government policy.

I also find myself hoping that the optimism of the Minister of Finance is well founded but I wonder whether he can back up his optimism with the opinions of Canadian economists and the pronouncements of government departments. I think the Minister of Finance must have an entirely different crystal ball from that of the majority of economists in Canada. The minister was kind enough to inform us that the $641 million anticipated deficit in the current budget was forecast on the basis of a two per cent increase in the value of the gross national product. We sincerely hope he is correct but I think we are not being unkind by drawing to his attention that if he is wrong Canada may find itself in a most difficult financial situation.

The daily bulletin of the dominion bureau of statistics for Monday, June 23, contains information relative to the gross national product for the first quarter of this year and indicates that there has been a decline of almost two per cent. Although we have not seen any indication of the required policies yet, I know the minister will realize we are very sincere when we say we hope that during this session the government will be

able to announce policies which in the remaining three quarters of the year will be able to overcome the two per cent deficit in the gross national product in the first quarter and achieve the two per cent increase the minister referred to in introducing the budget the other day.

There is something else a number of us would like to have clarified, the position of the government with regard to trade. I know that I am not the only one in the house or in Canada who is still very confused as to what is the government's trade policy. If we listen to government spokesmen outside the house I am certain we all get the impression that the government believes in freer trade and also gives some indication of tending toward free trade. But inside the house the budget appears to indicate the maintenance of the proverbial Conservative protectionist policies. I am not going to speak at length on this matter at the present time. I sincerely hope that when the necessary resolutions and bills are before the house we will be able to have a clear exposition of the principles underlying the trade policies of the present government.

At this point, and because it comes to mind, may I discuss something which disturbs me greatly as I am certain it does the Minister of Finance also. I tried to get some indication of the minister's feelings the other day through questioning but I am afraid that perhaps it was not the right place for me to raise the matter. I refer to the fact of the government introducing tax reductions and some people then taking advantage of them and not passing them on to the ultimate consumer to whom I am certain the minister wants them to go. I am sure that is definitely what the minister has in mind when he introduces tax reductions. I also think that the majority of people in Canada carry them out but unfortunately a great many do not. Of necessity I had to make a hurried trip to my home city of Vancouver last week end. While there I met friends of mine in the retail trade and what did I find? The minister brought down his budget on a Tuesday. In his budget he removed the sales tax on cut flowers.

The next day right in the city of Vancouver, the growers—not all of them it is true but some of them—increased their prices by the amount of the sales tax they had taken off. I do not imagine there is any kind of law which this parliament could pass which would take care of a situation like that but I would certainly like to have a very, very strong statement from the minister as to what in his opinion might be done to stop people from doing this kind of thing. If they persist in what is tantamount to absolute dishonesty, then perhaps we could work out a method by which we could publicize their names so that the consumers would no longer buy their products and maybe that could bring them to task.

I feel certain that a great many people in this country were disappointed in the budget as recently introduced, disappointed because neither the budget changes nor the allocation of the estimates conformed, by a long shot, with what the people of our country had been given to understand they could expect from the Conservative party when its first budget was introduced in this House of Commons.

Firstly there is nothing in the budget in the way of estimates which gives any indication of increases in allowances for the veterans of Canada. I have not forgotten that changes have been made in the past two or three years but I also remember the statements of certain Conservative members that the increases were not half enough and that the veterans were entitled to a better deal.

Mr. Fleming (Eglinton): We introduced legislation in that respect last session.

Mr. Winch: Do you call that a new deal for the veterans? That is very interesting—the legislation we had last session was the new Conservative deal for the veterans. In that case many thousands of veterans in this country must have been very disappointed for I am certain they all had a very different impression of what they might expect. They got a raw deal instead of a new deal. The fact that there is nothing in the estimates over and above the legislation to which I have just referred is, in my opinion, not only a dereliction of duty and responsibility but is a major disappointment to the Canadian veterans.

These remarks apply also to the plight of the senior citizens of Canada. There is nothing to indicate any further assistance to this group and presumably the legislation introduced last session was the new deal of the Conservative party for the old age pensioners. There is nothing in the estimates to indicate any improvement. Given all the commendation that is due for the increases and changes made during last session we still say that this parliament is unfair to the senior citizens of our country in allowing them to continue living on a semi-starvation basis. There is nothing so far as I can see which is proposed to bring the purchasing power of the dollar in line with the pensions of this group of people. There is a responsibility on the shoulders of the government, with its huge majority, to see that our senior citizens are cared for. Even though the government will not go as far as spending more money

to help the older people surely it could bring in additional legislation, over and above that introduced last session, to allow old age pensioners to draw their pensions outside of Canada beyond a period of six months.

I find it difficult to understand why we have laws in this country, and a government which permits such laws, under which a former official of this house who cannot return to Canada without facing a criminal charge can draw his pension in the United States for the rest of his life and yet an old age pensioner cannot do likewise. Surely if one has served his country so that he is entitled to a pension he should be able to spend his days anywhere in the world with his loved ones, and still receive his Canadian pension. Other pensioners can do so, so why cannot an old age pensioner? Such a measure would cost this government only an infinitesimal amount with respect to administration costs in order to give that right to the people who need it so much. It is not, after all, asking for very much but I defy any member on the government side to give one logical reason why it should not be done and we hope it will be done at this session.

I do not like going back over the years but we must remember the position of our civil servants in respect to superannuation and how it was said by Conservative members that the previous government was unfair to them, that something ought to be done for them and that something would be done for them. We were told how they would get a new deal from the Conservatives but as yet we have no indication, as a result of legislation or in the estimates, that anything is going to be done this year to bring our retired civil servants—our servants—to the position where they would benefit from some form of equalization in respect of their pensions and the purchasing power of their dollars—something else which was left out.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Valija Zvirgzds Kazaks.

An act for the relief of Joyce Florence Taylor Larman.

An act for the relief of Kathleen Margaret Coffin Barre.

An act for the relief of Freda Bernadette Godin Headland.

An act for the relief of Bruno Bedard.

An act for the relief of Stefania Sobol Wojtowicz.

An act for the relief of Elizabeth Antonie Hartmann Elstermann, otherwise known as Elizabeth Antonie Hartmann Von Elstermann.

An act for the relief of Ruth Ellen McMullin Gosnell.

An act for the relief of Beatrice Bellamy Drysdale Scott.

An act for the relief of John Ronald MacCuaig.

An act for the relief of Edith Ann Van Horne Beattie, otherwise known as Beverley Ann Van Horne Beattie.

An act for the relief of Constance Lilias Crawford Booth.

An act for the relief of Henry Krupa.

An act for the relief of Ferenc Tamas Kalman Laczko.

An Act for the relief of Olive-Jane Frances Piper Sinclair.

An Act for the relief of Rhoda Carin Burack.

An act for the relief of Evelyn Grace Blakely Mullins.

An act for the relief of Julia Switnicki Kobel.

An act for the relief of Eric Dunstan Martin.

An act for the relief of Hazel Margaret White Jackson.

An act for the relief of Mary Stepko Berryman.

An act for the relief of Jewel Evelyn Bockus Yeo.

An act for the relief of Clarence Leonard Sproule.

An act for the relief of Geraldine Avonne Dixon McNaughton.

An act for the relief of Jean-Louis Ducharme.

An act for the relief of Emery George Nemeth.

An act for the relief of Alfreda Rose Celina Gigot Kyriazis.

An act respecting The Protective Association of Canada.

An act respecting The Mercantile and General Reinsurance Company of Canada Limited.

An act to amend the Hospital Insurance and Diagnostic Services Act.

An act to amend the Canada Agricultural Products Standards Act.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister

of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Argue.

Mr. Winch: Mr. Speaker, in continuing my remarks on the budget I should like to join with hon. members who have spoken previously who expressed their disappointment that there is nothing in the budget to indicate that the government has any intention of increasing the family allowance.

I believe it is a great disappointment to all people that the government has not recognized that there is a responsibility on its shoulders to so raise this allowance as to combat the loss in the purchasing power of the dollar. I do not intend to repeat arguments that have already been voiced but I do want to draw the attention of the government to a discrimination which we feel strongly should be removed as speedily as possible. I refer to the fact that for some strange reason the law with regard to the family allowance was so drawn that the families of our personnel in the armed forces do not receive the allowance if their families join them overseas. I raised this matter before in committee and was informed that this action was not the responsibility of the Department of National Defence that the situation exists because of a specific section to that effect in the Family Allowances Act. We have been told by officials of the Department of National Defence, however, that perhaps one reason people in this position are denied the family allowance is because of the additional help the families receive when they are sent overseas to join the head of the family. We maintain that this point of view cannot be substantiated in fact.

I am not referring to the 700-odd members of the armed forces who are now overseas attached to embassies, attaches or NATO headquarters because they are well taken care of through financial assistance which in the case of a person who holds the rank of lieutenant-colonel is as much as $190 a month. I am referring to the 11,000-odd armed service personnel overseas who do not fall into the categories I have mentioned. I have been informed by the Department of National Defence that a great many of this number are married and their families are overseas.

I was surprised to learn on what basis they receive an additional allowance. I was advised by the department this afternoon that the increased allowance for families of our armed service personnel overseas is based on the figure established by the dominion bureau of statistics relating to the cost of living wherever the family is stationed as related to the cost of living in the city of Ottawa. It works out this way, just to put it rather briefly. If the personnel is stationed in the United Kingdom and living in what is known as married quarters the bonus is nil. If they live outside married quarters the amount is $10 a month for each family. If they are stationed in Germany and are in married quarters the bonus is $15 a month and if they are outside married quarters it is $30. If they are stationed in married quarters in France and have the rank of lieutenant-colonel they receive $48 a month. In the case of a private the amount is $32. A lieutenant-colonel living outside married quarters receives $100 and a private receives $64. I want to emphasize the fact that according to the information given to me only this afternoon these amounts are all based on the dominion bureau of statistics calculation of the variation in the cost of living in the various centres I have outlined as compared with the cost of living here in Ottawa. On that basis, therefore, we can see no reason for the discrimination against the families of our armed service personnel overseas who are no longer entitled to draw the family allowance when they leave the shores of Canada.

[Mr. Speaker.]

Armed service personnel overseas are required to pay income tax under the provisions of that act which is only fair and just but they should likewise be entitled to receive the family allowance. I sincerely hope the government will recognize the injustice of the situation as it exists at this time and will take action at this session to remedy the condition I have drawn to its attention.

There are many other matters which I know are a disappointment to the people of this country in that they have not been included in the policy pronouncements of the Minister of Finance in his budget speech. It is to be sincerely regretted that apparently no action is to be taken to establish a plan and policy under which financial assistance could be given to the municipalities at low interest rates. The government is to be commended, of course, for the action it has taken in the removal of sales tax from certain equipment when purchased by municipalities and which will result in a saving to them this year of approximately $5 million but the municipalities are in a desperate situation and require a great deal of money with which to carry on the services they provide. It would have been of great assistance had the government indicated that action was being contemplated at this session in this regard.

As I have already indicated there are a number of matters which I have not yet discussed but I feel it is sufficient for one to

speak for 25 or 30 minutes and the other matters I have in mind can be discussed when the estimates are before us and so I will conclude with this statement. In all probability this house will be sitting for another two or three months and so there is still plenty of time for the Minister of Finance to redeem himself in the eyes of the public. I think all the people of Canada—and I know all hon. members of the opposition—are so broad in their outlook and generous in their hearts that they will overlook the minister's sins of omission if he will now come forward with the estimates and proposals that will not only meet the expectations of the Canadian people but will also represent the fulfilment of Conservative promises.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I should like my first words in this house to be words of congratulation to you on your election to the high office you hold, and may I extend the same compliment and my good wishes to the Deputy Speaker and the hon. member for Spadina (Mr. Rea). I wish also to congratulate the Minister of Finance (Mr. Fleming) on his budget. It was a delight to me not only to have been present at its delivery but to have felt that in some small measure I was a part of it. I say a part of it because the budget sets out judiciously and exactly those things which I, as a Conservative member, support.

In the budget speech there were two statements which struck me forcibly, the statement on distress selling and that on fair value for duty. In these two clear, concise statements of broad principle may be found the hope for a solution of a long-standing problem in my constituency, that is the plight of our fruit and vegetable growers.

Before dealing specifically with these two budget statements I would like to sum up a few points which apply to my riding. To me, Okanagan Boundary is a lovely part of the world with fertile valleys, forests, lakes and rivers, all set in the heart of the mountains in the interior of British Columbia. I like to call it home. As other members speaking of their constituencies like to call their own places home, so also do I.

As for industries, we have mining, lumbering, ranching and fruit and vegetable growing. We also have a well-established tourist industry. In one respect at least, the province of British Columbia has taken a back seat to no place on this continent and that is in providing campsites and picnic grounds. These are readily available along the highways and beauty spots of the province. They are well laid out camps, with all the facilities provided. Here I would like to commend the federal government for the financial assistance they have given to the provinces aiding construction of such camps.

In Okanagan Boundary there is one further aid to our tourist business which I hope the government will take into consideration. We have a great need for the building of small boat harbourage and launching sites. Not only will this be of benefit to people locally but in general to the many visitors throughout British Columbia, the rest of Canada and from the United States. Visitors bring all types of craft and boats to our lakes. To understand this need it is necessary to know that Okanagan lake provides no safe anchorage in the form of natural bays. In each case the construction of a breakwater is necessary as a protection against strong winds. The building of breakwaters is a federal responsibility but it might well be worked out with provincial or local authorities. Here I would like to say a word of thanks for the recent action of the government in extending and modifying the present breakwater at Penticton.

While commenting on tourism, I would like to draw the attention of the government to the development of highway No. 97 which starts in California and runs up through my riding of Okanagan Boundary and the ridings of Okanagan-Revelstoke, Kamloops and Cariboo and farther on up north. Of great importance to the future is the fact that this highway, if developed further, will provide a logical link to the north. It is the shortest route with the best gradients available and apart from the tourist business, has tremendous trade and military value.

Let me say a few words on flood control. The government has, in conjunction with the province of British Columbia, done extensive work to control flood conditions on the Okanagan river. The worth of this project is shown by the additional acreage made available. Previously the river had snaked its way through the valley and now many miles have been cut off its course. Flooding of a large acreage has been cut to a minimum. However, there is need of a further study in the Similkameen valley and on both forks of the Kettle river. In the mountains fertile land is at a premium and each year erosion is taking place at an alarming rate, particularly so in those parts which I have mentioned.

I would like to turn to some of our industries. Historically, mining has played an early and important part in our growth and economy. Present-day prices for metals have forced once profitable operations to close and I regret the decision to close the mines at Copper Mountain, Hedley and Greenwood.

This stoppage has been felt keenly throughout my riding. We live in hopes that more realistic local legislation and higher world prices will lead to further exploration in the area.

There is one point that I might mention at this time and that is the number of young men who have completed their university courses and are prepared to go into the mining field, but mining is being curtailed in my riding and also throughout the rest of Canada, which means that there are no positions available for them. I would suggest to the government that long-needed surveys be carried out to provide work for those people to keep them here in Canada. We have had far too many moving out of our country to get jobs elsewhere.

I should like to say a few words on lumbering. Lumbering flourished in the early days. Perhaps the word "flourish" is an unfortunate one but at the same time I think it is sufficient to say that our mills have grown, that the forests are being utilized and that many men are being employed. Because of weather conditions—and I might say here that we have an ideal climate in Okanagan Boundary—our mills were able to operate with little interruption throughout the year. However, the bulk of our product must be sold to the United States and a poor market there price-wise means stocks of lumber lying unsold in our yards.

And now a word about cattlemen and poultrymen. Our cattlemen and poultrymen are producing under considerable hardship. We have plenty of room for furthering both these industries in the Okanagan Boundary area. However, our main trouble is the laid-down cost of feed grain. It is more than a little hard to know that our competitors can obtain feed grains for one-half the cost that it is available to us. For instance, we pay approximately $60 a ton; our competitors elsewhere in Canada obtain the same feed grains for $20 a ton. I would recommend that where grain is required by cattlemen and poultrymen for feeding purposes it be obtained through the wheat board at the prevailing door-to-door price in the wheat board area. It does seem to me ridiculous that our great overload of feed grain cannot find its way to a legitimate market such as this. May I here commend the prompt action the government took earlier this year to protect our poultrymen against the United States invasion of turkeys at distress prices.

I have mentioned mining, lumbering, cattlemen and poultrymen, Mr. Speaker. These industries, along with fruit and vegetables, suffer from our position in the mountains. The common problem to all our industries, and indeed to the future location of any industry, is one of freight rates. Not only must we ship to distant markets but the necessities coming to our area suffer from a heavy rail bill, a heavy additional toll. This adds to our cost. We are in a somewhat different position from that of eastern Canada because we are a long way from a large population centre. For instance, Vancouver is 300 miles away from the Okanagan valley. We have to ship a long way. We have no market close at hand and it means the rail bill is a heavy one. The resulting costs of transportation are nothing less than a slow process of strangulation.

May I now refer to our fruit industry. My remarks will apply equally to the vegetable industry. We grow wonderful fruits and vegetables but in order to avoid any argument I will simply say this: they are second to none. Over the years our fruit industry has expanded and improved its product. Every effort is being made to keep up to date in quality and variety. We have an industry-wide marketing agency. By-products have been developed and in this respect a great deal of credit is due to the experimental farm at Summerland. Perhaps a few words here will give the house an idea of the tremendous behind the scenes work which has helped our industry keep up to date.

In the beginning we planted our whole area entirely to fruit and fruit designed for the fresh fruit market; that is, fresh fruit for the consumer but we soon developed annual surpluses and we had to look elsewhere. The fruit and vegetable processing laboratories of the dominion experimental farm went to work with the full support of our industry. This forward looking has paid off. We now process roughly one-third of our entire apricot, cherry, peach, plum and Bartlett pear crops. We now have products which we hope will utilize all our surplus apricots not required by the fresh fruit market. These are worth-while outlets from a remunerative standpoint.

Apple processing has remained a large problem but we actually process approximately one-third of our crop, or 33,000 tons. Apple cider, which has been newly introduced, is another feather in the cap of the farm; that is, of the dominion experimental farm. Here extensive research work in the laboratories has resulted in a fine product. The B. C. fruit processors co-operated to the full in providing material, equipment and encouragement. Of greatest importance, of course, is the fact that the industry hopes

lower grade surplus apples will be used here leaving the better grade apples to the fresh market.

The experimental farm also has provided its worth by its work on new varieties. Another important function is their fight against plant pests and disease. Here ruthless measures have to be taken and the industry supports them through the Palmer memorial research grant. It allows large scale experimentation in the orchards and gives a form of insurance against loss through such experiments. Effective sprays are developed quickly. We back our experimental farm to the hilt. It has proved its worth and brought dollars to the industry.

Now, Mr. Speaker, may I summarize the major problems facing our fruit industry. Through its chief spokesman, the industry has stated that it requires consideration on four major points and, indeed, more than consideration if it is to survive. These four major points are: First, stability of returns from year to year; second, protection specifically aimed at distress selling; third, relief in freight rates; and, fourth, farm financing and farm credit.

To enlarge on these four points and deal with them in a slightly different order, I would point out that I have already made mention of freight rates and stated the necessity of an overhaul. With regard to farm financing and farm credit, to understand this need it is necessary to understand the problem of weather in relation to orcharding. The orchardist accepts normal hazards of weather. Troubles arise through early frost, poor weather when the crop is setting, improper humidity at thinning time, rain when the cherries are being harvested. All these and many more take a tremendous toll. But this is an annual problem and in all forms of farming an accepted hazard. We accept it. There is, however, a weather condition which has in many cases caused widespread disaster. I refer to the tree-killing winters commencing in 1950. This has meant a heavy drain on our resources. It has meant replanting and in many cases new trees planted have been severely damaged in the years following 1950.

The situation requires long term rehabilitation financing. This is not available through the banks. The only other source, the Canadian farm loan board, is not available either as this type of rehabilitation loan does not meet its requirements. It is a straight question of rehabilitation and I would ask the government to give immediate consideration to this urgent problem.

On the short term basis credit has been cut as a result of the poor return in the last five years. But the combination of winter kill and poor returns has been more than the average orchardist can stand. The position has deteriorated until now many are in serious difficulty. Financing through the banks has been curtailed in many cases. Poor annual returns are the sort of thing that make any banker, even if he is a friendly type, think twice. The result has been that a large percentage of growers now work out part time or full time. This, of course, makes it impossible to maintain the orchards properly. From the foregoing you will see that our credit position needs overhauling on both a long and short term basis.

Let me deal now, Mr. Speaker, with the remaining two major points brought up by the industry, namely stabilization and protection against distress selling. We welcome the stabilization act and we look for a measure of relief under this legislation. We appreciate its intention and feel that an honest effort based on the intention will aid in partially providing the answer to stability. But this act alone will not provide the stability that the industry needs. We require the benefits of the stabilization act certainly, but we also require an effective stoppage of United States distress selling.

Let me digress for a moment. Our fruit industry is twofold, first, apples and, second, soft fruits. There is a basic difference. Our apples are an export product and sell well in the United States market. In fact, we have a premium product and we consistently get a better price than the same type of United States fruit does in its own market. That goes for both quality and grade. There is no question of our ever having tried to undersell the American producer in his own market. We do not now ask fair value for duty in this instance. It is sufficient to state that we suffer tariff-wise. But here we can rely wholly upon the stabilization act to balance costs of production in order to provide a fair return.

With regard to soft fruits, that is, peaches, pears, apricots, prunes and cherries a different situation exists. In Canada we do not produce sufficient for our own needs and that is an important point. We do not export and we annually fill our extra requirements from the United States. The problem is one of the price at which United States fruit enters our market and also the timing. United States soft fruits reach maturity well ahead of ours. Their market is saturated before we commence to pick. When the United States market is saturated their prices begin to drop in their own country and they are faced with a disposal problem. Highly perishable fruit still in great quantities must be sold. This fruit is dumped in the United

States market. I would ask hon. members to note that they dump their own fruit in their own market and they do so at distress prices, at prices designed to clean up the crop, at salvage prices or, if you will, fire sale prices and, of the utmost importance to us, at prices that bear no relation to the United States cost of production.

The importance of these prices is seen because it is at this stage that our own production comes on our own market. Here you see the chronic disability under which we suffer. The United States fire sale price is the price at which we must begin to sell, a price at which no self-respecting United States producer would produce, let alone sell. Much more important, this distress selling becomes the controlling factor in our price structure. These imports do occur but, believe me, fruit does not have to come across our border to dominate our price structure. The threat of import is sufficient. A quotation f.o.b. any point in the United States will do the trick.

As the Customs Act now stands we are powerless. With distress imports, that is, actual imports coming into our country before relief can be obtained, the damage is done. But over and above this there is no power in the act which can stop the harmful, in fact, disastrous results of a United States f.o.b. quotation. That is our picture. It is from this set of circumstances that we seek relief. Hon. members will now see why we have taken heart at the expression of policy with regard to distress selling and fair value for duty. Here is what the Minister of Finance said while referring to unfair trade practices and I quote from *Hansard* of June 17, page 1246:

> During the past year many representatives of Canadian industry, large and small, and agriculture, have discussed their problems with members of the government. We have been impresed by the serious difficulties that have been created for many of them by the dumping of foreign goods in the Canadian market. Such dumping may arise from a variety of causes and may take many forms. The present dumping duties section of the customs tariff together with the valuation provisions of the customs act are adequate to deal with some forms of dumping. However, they do not deal with cases where goods are being imported into Canada at less than their cost of production and are also sold in the country of export below cost.

That is precisely what I was saying before. Later the minister went on to say:

> —have examined this problem with the utmost care and am satisfied that this unfair trading practice is in fact occurring, with a harmful impact on Canadian producers.

He went on to say:

> Most countries which carry on substantial foreign trade have laws to protect their domestic producers against dumping. Indeed the right to take effective measures against dumping has long been a standard provision of international trade treaties including the GATT. The government intends to defend Canadian producers against the practice of dumping, whatever form it may take. This will require the strengthening of the present valuation provisions of the Customs Act and their effective enforcement. To this end my colleague, the Minister of National Revenue, will shortly submit a bill to parliament amending the valuation provisions of the Customs Act to add a provision to section 35 along the lines of the legislation in effect prior to 1948, requiring that, where appropriate, the value for duty of imported goods shall not be less than the cost of production plus a reasonable advance for selling cost and profit.

Furthermore may I suggest that in the proposed amendments to section 35 of the Customs Act, the representations of the Canadian horticultural council be given the full hearing and respect to which they are entitled. We should remember that this council is the Canada-wide voice of the fruit and vegetable growers and their representations should be treated in the light of the words I have quoted which were spoken by the Minister of Finance. Let them also be treated in the light of the words of the hon. member for Carleton (Mr. Bell) when he stated that in his view Canada made a grave mistake in 1948 in amending the then provisions afforded by the key valuation section of the Customs Act. He might well have said that at that date we sold the safeguards of our producers.

There is nothing new in fair value for duty. We had it once and we lost it, or gave it away. The Canadian horticultural council fought for this principle in the twenties. They received it in 1930 and from 1930 until 1935 the fruit and vegetable industry had a measure of protection unequalled before or since that time. I say since! Look what has happened. In 1935 the gradual whittling away of protection began both on specific duties and on minimum fair value for duty. Year by year concessions were given and lost until finally in 1948 the Customs Act was emasculated and we sold out to GATT.

Regarding fruit and vegetables, there are difficulties in the proposed amendment to section 35 of the Customs Act. The amendments will be based on cost of production. The Canadian horticultural council, realizing the difficulty of fixing costs of production on fruits and vegetables, has suggested an additional amending clause as follows:

> Sec. 35(13) Notwithstanding anything in the Act, whenever duty ad valorem or specific is imposed on any fresh or processed fruit or vegetable of a class or kind produced in Canada, where the market price in the country of export has, as the result of the advance of the season or the marketing period, declined to levels that do not reflect, in the opinion of the minister, their normal price, the minimum value for duty shall be the amount determined and declared by the minister to be the average price for the same or similar products entered at customs during the immediately preceding ten calendar years.

(14) The operation of the value for duty fixed pursuant to the last preceding subsection may be suspended by the minister in the case of such fruit or vegetable imported into any specified region or part of Canada.

There is merit in this suggested clause because in the clause the price at which imports of fruits and vegetables enter Canada is a known amount and is easily ascertained. It is a matter of record in the dominion bureau of statistics. Such a clause would settle our difficulties to a great extent. Stability should follow as result of crop disposal at higher average prices; the government would not be called upon to subsidize the soft fruit portion of the industry under the stabilization act; United States dumping or distress selling would be curbed. It might well be that growers would become taxpayers. These advantages make sense. To my mind there is a further common-sense factor. As it now stands, when payments are made under the stabilization act the government will be subsidizing United States fruit imports. Would it not be better to provide the opportunity for the grower to stand on his own two feet?

Once again, I agree with the forthright statements of the hon. member for Carleton. May I state without reservation that the fruit industry of British Columbia is an industry of long-standing growth and is properly situated. We can face reasonable and proper competition from imported goods; we are not asking to be pampered and petted by excessively protective measures. What we want is the benefit of the amendment to the Customs Act so that foreign dumping is eliminated. And I reiterate and expand the sentiments of the hon. member for Carleton —surely there is no member of this house who wants Canadian agriculture to be compelled to compete with foreign agricultural goods sold at less than their cost of production and normal profit.

I further concur with him—I too, so long as I have a vote in this house, will not vote to compel Canadian growers and agricultural workers to compete with dumped foreign fruits and vegetables.

Mr. Augustin Brassard (Lapointe): Mr. Speaker, the Minister of Finance (Mr. Fleming) deserves congratulations upon creating a precedent when he spoke several sentences of his budget speech in the French language on the evening of June 17 last. He deserves congratulations not only because of this venture but because of the quality of his French. This is a praiseworthy precedent which the Liberal minister of finance in the next parliament will, I am sure, be happy to follow. Incidentally I had an opportunity to admire the minister's French last March when he did me the honour of coming to speak to the voters of Lapointe on my behalf.

I feel it is regrettable that the minister did not deliver his budget address on the memorable evening of June 10, 1957 as it was rumoured he would do. The blue suit, the blue lectern and the artificial blue carnation would have stood out the more against a red banner indicating the $100 million deficit and by such a gesture he would have given to this anniversary the real significance of the arrival of a Conservative government in this country.

While the minister created a precedent by speaking French the other evening he certainly did not break new ground in offering to the Canadian people an enormous deficit. In this he carefully followed the well-trodden path of the Conservative party, because Canada has not seen a balanced Tory budget in the last 45 years. How could the Progressive Conservatives offer us anything else because there is a contradiction in their very title. The 20,500 words of the budget speech deserves to be considered almost a work of genius. I remember, as do many others, my college years when our professors judged our essays according to two principles—their contents and their style. If I were to apply these standards to the minister's work of art I would give him, being a Liberal, about 60 out of 100 points for style and one or two for content. However, it is for another reason that I believe the minister's effort is almost a work of genius. I believe it was Carlyle, who said that genius is composed of 99 per cent perspiration and one per cent inspiration. What a pity that little one per cent of inspiration is missing in this instance. However, the minister deserves full credit for the 99 per cent perspiration which he so elegantly exhibited to us.

(Translation):

When one reads the budget speech in the official record of this house, where it is divested of the sheen and sensationalism with which the Minister of Finance (Mr. Fleming) managed to clothe it in by his intonations, his emphasis, his gestures and his rhetorical flourishes, one is struck by the absence of concrete steps designed to solve the most urgent problem which afflicts at this time so many families in my constituency and throughout this country: unemployment.

There is no word there of any reduction in tax, only ominous silence with regard to family allowances, and complete silence too with regard to federal provincial fiscal relations. There is however another thing which

will strike anybody who will take the trouble to read this speech attentively. It is the government's rather guilty spirit of self-congratulation in the presence of the difficult situation which Canadians have been facing over the last few months. This feeling cannot be necessarily inferred from the words spoken by the minister, but it can be drawn as a logical conclusion from the absence of an energetic and aggressive policy designed to fight the present recession. When account is taken of the commitments made by the Prime Minister (Mr. Diefenbaker) to the Canadian people during the 1957 campaign, when he was still leader of the opposition, and if the first Conservative budget is compared with those promises, there is no escaping the fact that the government has repudiated its solemn commitments to the Canadian people. The Prime Minister refuses to admit at this time that he had in fact promised to reduce taxation by $500 million. But what did he mean, speaking in Victoria on May 21, 1957? In a Canadian press report published in the Ottawa *Journal* of May 22, the following sentence is attributed to the Prime Minister:

(Text):

A Conservative government would cut unnecessary taxation to promote production which would help meet the threat of inflation. Last year the government had overtaxed Canadians by $500 million.

(Translation):

On the other hand the Victoria *Times* of May 22, 1957, reported as follows:

(Text):

The Conservative leader claimed that the federal government had taken $500 million more than it needed from the people of Canada.

(Translation):

What is the meaning of those words pronounced in the heat of an election campaign if not a clear $500 million tax cut. To all intents and purposes, they surely intend to give the impression that a Conservative government will not collect those $500 million which the former administration had overcollected. If that is not—

An hon. Member: Why?

Mr. Brassard (Lapointe): Why not? Even if I am not a professor of French at Laval, I understand French just the same. If that is not the impression sought to be created by such a turn of speech we might as well forget the meaning of words right now and perhaps lay off some French professors.

What were we offered after those promises were made to the Canadian people? A $178 million tax cut by way of resolutions in the last parliament and a ridiculous $26 million tax cut in the last budget speech. All told, it is a little more than $204 million, when the public was led to expect $500 million. As the hon. member for Assiniboia (Mr. Argue) so aptly put it the other day, the government or the Conservative party gave us an example of dual policy, namely a progressive policy before the elections and another one, the conservative policy, the genuine one, after the elections.

After witnessing so many examples of this kind given by politicians lusting for power, who have one policy before the elections and another afterwards, the public will end up by saying: What is the good of being interested in politics. Politicians are all of the same ilk. If we want voters to lose confidence eventually in public men,—and in saying we, I do not include your humble servant,—all we have to do is to continue acting this way for that is the best means to that end.

There is no doubt that the government should have reduced personal income tax. It was imperative, the more so since the purchasing power of the dollar has been substantially reduced, and it would have been absolutely necessary to put more money in circulation to stimulate our weakening economy. The budget offered an opportunity to increase the basic exemption, which would have been a form of a tax reduction. I make this claim first because it is absolutely reasonable,—it may perhaps not be understood by the hon. member for Roberval (Mr. Tremblay) but it is nevertheless a reasonable thing,—and also because it was one of the main demands of the Canadian and Catholic Labour Union during the last electoral campaign and, finally, because I wish the Minister of Finance to keep his word. In March last, the C.C.L.U. asked that the basic exemption be raised from $1,000 to $1,500 for single persons and from $2,000 to $3,000 for married people. I make this request to the government with the conviction that the Minister of Finance is a man who fulfills his promises. He must surely remember what he said here, in this house, on March 27, 1956, following Mr. Harris' budget. The hon. member for Eglinton, now Minister of Finance, as shown on page 2,648 of volume III of *Hansard* for that year said:

The next matter to be mentioned, sir, is the income tax. It is true that the rate is unchanged. It should have been reduced. Of course, we are going to have to wait until election year for those increases in the exemptions which are long overdue.

...In 1953, in the general election, the Progressive Conservative party advocated in the plainest terms an increase in the income tax exemptions to $1,500 for single persons and $3,000 for married persons.

What then is the hon. Minister of Finance waiting for to implement what he himself advocated? If this suggestion was good, and if he believed it was good in 1953, surely it is just as good today, in 1958.

This year the government boasts of providing supplementary benefits for the unemployed, and we hear much about its public works program. As far as the supplementary benefits are concerned, there is no doubt that the Minister of Labour (Mr. Starr) had no wish to mislead the public, but he was so vague and so lacking in clarity,—I hope not deliberately so,—that he left with the people the impression that everyone qualifying for seasonal benefits would be entitled to the supplementary benefits. The government seemed to feel that it was highly generous towards a great number of Canadians who were in dire straits.

When I went home for a few days, I met quite a number of unemployed who, after the statement of the Minister of Labour (Mr. Starr) on the matter, and all the publicity that was made about it, asked me why they were not entitled to supplementary benefits.

At a time when hardship has seldom been so prevalent, why did the government not take any steps to protect those who were suffering and are still suffering from the difficult situation we experience today? This is no time for arguing, and pointing an accusing finger at those we believed responsible for the situation. It is time to tackle the problem and try to solve it.

I was disappointed the other day by the answer the hon. member for Carleton (Mr. Bell) gave to an inquiry by the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets), when he said:

(Text):

What about unemployment? I will tell you plenty about it and I will make it clear who is responsible for the present situation in unemployment before I am done if that is the issue the hon. gentleman wants to raise.

(Translation):

Mr. Speaker, when we come across someone who is sick, wounded or destitute, we hasten to help him out, before quarrelling with those who might be responsible for his plight.

Much has been and still is being said about public works. I now come to Lake St. John and Roberval. What has been done there? At this point I could leave the floor to my hon. friend from Roberval if he wishes to answer. What has been done in the four constituencies of my district to improve the situation? I am certainly not to be told that the contract for the runway at Alma has been or is about to be granted; I was in the Department of Transport—I was employed there for three years—when the former minister, the Hon. George Marler, announced to the previous Liberal member for Lake St. John and to the mayor of the city that the Department of Transport had agreed to build the airport in Alma. I have followed this matter too closely, on the request of Mr. Andre Gauthier, the former member, not to be perfectly aware of what has gone on, and I am now awaiting a reply from my hon. friends in the house.

Mr. Boivin: They do not answer.

Mr. Brassard (Lapointe): And yet, Mr. Speaker, the ministers came to us during the last election and approved every promise made by the candidates who said they had a vast program of public works for their respective ridings—

Mr. Tremblay: This is not true.

Mr. Brassard (Lapointe): All the ministers approved them, except the one chiefly responsible, the Minister of Public Works (Mr. Green), not to speak of the approval of the house, of course.

Mr. Tremblay: That is not true.

Mr. Brassard (Lapointe): All that has been done up to now back home is merely what had been planned and decided by the former Liberal government.

I hear my hon. friend saying: "That is not true." I had thought that since his election he had learned how things are done in Ottawa, and among other things, that no lies may be told here. He would seem to have a very vivid recollection of the last campaign.

The Prime Minister (Mr. Diefenbaker) felt keenly about the unfortunate circumstances of the municipalities of this country and gave the impression that he was about to solve their problems. But what concrete steps has he taken in this connection, apart from all the words which he has used to say that he was going to do something. He simply chose to announce that he was proposing to go over the heads of the provinces, that have jurisdiction in this matter, to gather together the representatives of the municipalities. And this is the man who spoke so movingly and touchingly of respect for provincial autonomy. It is still time to help the municipalities and to bring about a material reduction in unemployment, if only the government will prove its sincerity.

For instance at Jonquiere, where I live, the corporation intends to build a badly needed municipal filtration plant. More and more new subdivisions are going up all the time, and this involves very large municipal expenditures for water supply, power and sewer systems. There are also some urgent and necessary works to be carried out in the town of Kenogami. To give but one example, it will cost close to $800,000 to rebuild and improve the water system.

The town of Arvida is in the same situation. It has to eliminate at least two level crossings which have already cost human lives and it is important that those crossings disappear as soon as possible. It still has an urgent need of a town hall to accommodate its various services. It also has other important projects which, if they were carried out, would relieve to that extent the painful unemployment situation. The same urgent needs can be noted in all municipalities. I shall look forward to hearing what the hon. member for Roberval has to say in this regard.

If the government, which promised so much, gave assistance to municipalities by way of low interest loans, unemployment would be reduced substantially in all municipalities of this country and it is a truism—I use simple words now, so that the hon. member for Roberval will understand me,—it is a truism that if unemployment is reduced locally, it will automatically be reduced nationally. As this is not hard to understand I am sure the hon. member for Roberval has already understood.

There would be much to be said about this old question of the public works promised by the Prime Minister and the Conservative candidates during the last election and I regret I will not have enough time to read a very appropriate article by a most distinguished journalist, Mr. John Bird. In that article published in the edition of February 28 last of the Toronto *Star*, the author describes the seriousness of the Prime Minister's gigantic program of public works and does so with as much accuracy as humour. Of course, the hon. member for Roberval would have to listen to me closely when I read it because there is considerable wit in that article. I cannot however resist the temptation to read two or three paragraphs from it for the information of the house.

(Text):

John Bird, in this article from Ottawa, writes:

> The Conservatives' $1,185,000,000 "works project" to relieve unemployment is just a diddle of old figures. It whittles down to only about $50 million of new money to provide jobs. Even Tory ministers are chary of the bogus big figures now. It centres upon that $1,185,000,000 "works project" announced with such flourish and advertised as "great" and "new" from Tory platforms across the country. And on high authority, too. Here is Prime Minister Diefenbaker's own statement, broadcast over station CKY, Winnipeg, on Feb. 12: "Now what about the future? And I know what unemployment is. Ladies and gentlemen, to provide for the future of Canada and to ensure jobs, we have launched a nationwide works project for constructive works, for dividend-paying works of $1,185,000,000 of which $270,000,000 will be spent in the first three months of this year." The text is from the Prime Minister's own office. And, in due course, out from the Prime Minister's office in Ottawa came a press release giving some particulars of the $1,185,000,000 but couched in much more cautious, canny terms than those employed by the Prime Minister himself at Winnipeg or by Conservative orators elsewhere. And there is good reason for this caution in language, because that touted $1,185,000,000 is little more than the regular departmental construction estimates for 1958-59, plus $140,000,000 of CNR maintenance and construction, which last, incidentally, is a much lower figure than the comparable one for last year. In accounting for $1,185,000,000, the Prime Minister's office tabulates $106,000,000 for that fine Tory project, the St. Lawrence seaway, launched by the Liberals, of course . . . And in blowing up to inflate the figures, $40,000,000 is included for that fine Conservative works project, the Northern Ontario pipe line against which every Tory member of parliament in the house at the time quite naturally voted "no".

The article continues:

> By and large, the $1,185,000,000 figure consists of the totals for construction work of various kinds that would have appeared in the regular 1958-59 federal estimates, if ever they had been presented to parliament. But by the device of failing to present estimates and failing to give the nation an accounting in a budget before the election, the Conservatives felt able to announce regular, even routine departmental expenditures, plus expenditures on such projects as the seaway and pipe line, as if they were somehow new.

And the article concluded with these words:

> For assorted politicians on the hustings to play fast and loose with statistics is nothing new in the politics of Canada or any other country. What is new in recent history is for a Prime Minister of Canada to encourage such political legerdemain.

(Translation):

To put it bluntly, Mr. Speaker, the government has noisily blared away what it intended to do to alleviate the unemployment problem. It has done absolutely nothing, except stretching winter into June, if I may use the very picturesque and pertinent phrase coined by the hon. member for Bonavista-Twillingate (Mr. Pickersgill). Yet, unemployment is still cruelly prevailing and it is not the government's public works that have produced a lowering of the statistics: it is simply the normal resumption of business. Only a month ago, there were 12,745 unemployed in our district—I mean the four constituencies—I do not expect the hon. member for Roberval to

be aware of the latest statistics, as I am not asking so much of him,— while during the same period last year, there were only 5,622.

The municipality of St. Ambroise sent me a resolution calling for help from the federal government in order to reduce the heavy unemployment. If the government helped the municipalities, St. Ambroise might immediately start building a town hall, water mains and sewers, and tackle much other work for new services. But under the leadership of a man who will surely go down in history in this field, the government prefers to just talk.

I wanted to deal at length with family allowances and, more particularly, with the extreme indifference of the government in this matter. I listened with a great deal of satisfaction and attention to the very eloquent plea of my friend, the hon. member for Beauce (Mr. Racine), on the subject of family allowances and, frankly, there is not much I can add, except that the government has failed to do its duty in a serious matter. I shall refer to the requests of the C.C.L.U. and I quote the petition its officers submitted to me during the last election: "In order to restore all the social value family allowances had when first introduced, their minimum rate should be raised to $8 and the maximum rate to $13 for each child."

This was from a text by the C.C.L.U. I also received from the city council of Arvida a resolution asking me to support the council in the request it sent to the Minister of National Health and Welfare (Mr. Monteith) to have family allowances doubled and the benefits of family allowances extended to all children attending school regardless of age.

At the Conservative convention of December 13, 1956, Hon. T. L. Smith stated that the Progressive Conservative party accepts the principle of family allowances. It is being quite generous to say that one accepts this principle much as one would accept the great principles of physics and chemistry. However, in the matter of family allowances, words must be followed by deeds. Of course, that is one thing I would never ask the hon. member for Roberval.

Before concluding, Mr. Speaker, I should like to ask the Acting Minister of Labour (Mrs. Fairclough) to kindly study the decision just handed down by justice John D. Kearny of the exchequer court in his capacity as arbitrator in a case relating to a request made by the national union of aluminum workers of Arvida, office employees' local. This was an appeal made after the case had been heard by the arbitration board at Chicoutimi.

The members of the office employees union at the aluminum plant at Arvida have their own union which has its own collective bargaining agreements with the company.

In 1957, shortly before the Arvida strike, the office employees, having discussed the matter, decided to send a delegate or representative to the talks going on at that time between company authorities and the officials of the national union of aluminum workers of Arvida.

Once work had come to a stop after the beginning of the strike, those office employees did not leave work. Rather it was the company that notified them that there was no more work for them. In other words, they were to all practical purposes forced to leave their employment for the duration of the strike.

The appeal has been maintained and the cause referred to the arbitration board. Moreover, representations have been submitted to the hon. Minister of Labour. I am very happy to see that the arbitrator has decided to refer the cause to the board of arbitration of the company. And one of the findings of the report reads as follows:

> After having carefully examined all documents pertaining to this appeal, and taking also into account the above remarks of the appellant's attorney, I consider it would be to the advantage of all parties concerned that the arbitration board proceed to a new study and hearing of the whole case.

Here is a human problem affecting slightly more than 400 employees of Arvida, Jonquiere, Kenogami and Chicoutimi. If the Minister of Labour should care to look into this matter, I believe that not only would he make some people happy, but perhaps—you never can tell—the population might show its gratitude in the next elections by sending to Ottawa someone well grounded in the Conservative gospel.

Mr. Speaker, there is in my riding another problem of which my colleagues opposite are aware. I received a letter from the Federation of the U.C.C. (Catholic Farmers' Unions) of the Saguenay district.

Mr. Tremblay: As for me, I got an answer from the department.

Mr. Brassard (Lapointe): If you want me to explain the answer you got from the department, I shall do so.

Mr. Tremblay: I read it, and it is an excellent one.

Mr. Brassard (Lapointe): Mr. Speaker, everybody knows, and I have it from the government itself, that the Conservative administration has set the price for cheese at 34 cents a pound in Ontario and 33½ cents a pound for the Quebec producers. I shall now quote a paragraph from this letter. As I said before, at the beginning of my speech, this is a letter received from the Federation of Farmers' Unions of the Saguenay district. It reads as follows:

> We therefore wish to point out to you that we have had in our area for about twenty years three recognized grading stations filling all the requirements of the federal government. They are situated in Chambord,...

A well-known place where the hon. member for Roberval lives—

> ...in St. Bruno and in Chicoutimi. Those stations even have export permits through the Port Alfred seaport. In other words, cheese is shipped from its warehouses after grading, weighing and waxing.

I was about to say "by the hon. member for Roberval."

Mr. Tremblay: Thank you.

Mr. Brassard (Lapointe):

> The U.C.C. Federation of the Saguenay area would therefore ask you to kindly approach the Minister of Agriculture without delay...

That has already been done. The hon. member for Roberval did it.

Mr. Tremblay: That is true.

Mr. Brassard (Lapointe):

> ...and the president of the agricultural prices support board with a view first to having the support price of cheese raised to 34 cents a pound in the province of Quebec as it is in Ontario and to making this price payable to recognized grading stations, which means in our area, Chambord, St. Bruno and Chicoutimi.

Mind you, Mr. Speaker, I say this with perfect detachment because none of those places is in my constituency. I do it perhaps to make up for the incomprehensible silence of the hon. member for Roberval.

I continue the quotation:

> There is only one support price on butter in Ontario and Quebec. Why should there be two in the case of cheese?

I submit this problem to the Minister of Agriculture (Mr. Harkness) and I would ask him to kindly take it into consideration. He might perhaps let me have a copy of the letter which he sent to the member for Roberval.

[Mr. Brassard (Lapointe).]

Mr. Tremblay: I got a reply; and an excellent one.

Mr. Brassard (Lapointe): Be that as it may, I shall be glad to hear from him.

Mr. Speaker, I am very anxious for you to recognize the hon. member for Roberval.

Moreover, there is in our area another problem which does not concern only my own constituency. I am not merely talking politics but I am dealing with a human matter and I will get to the hon. member for Roberval in good time, human matters being of interest to me, even those which concern the member for Roberval. I have reference here to the layoff of employees by the Canadian National Railways. Since this is a human interest problem I might add at this point that these layoffs are due to the fact that in our area, as everywhere else, there has been a switch over to diesel engines. There has also been an extension in the sections which the various railway employees must look after. I believe that one sectionman must now look after twelve or fifteen miles of track as against seven or eight miles formerly. It will be appreciated that this has brought about a substantial reduction in the number of employees.

I have no bone to pick with the Canadian National Railways management. When I was with the Department of Transport I heard too many opposition members rise to say rude things. As far as I am concerned, I will not say everything I have in my mind, but if I had the word power of the member for Roberval—

Mr. Rouleau: It would be a rather poor choice of words.

Mr. Brassard (Lapointe): When hon. members in the opposition used to talk about the officials of the Canadian National Railways, you would have thought that these gentlemen did not know how to run their own business. I have worked in close cooperation with top C.N.R. officials, and Mr. Gordon, its distinguished president, knows the network of railroads very well but he is a businessman. What he is lacking perhaps in some degree—and I don't hold it against him—is that his decisions sometimes are crushing for poor members of parliament, who have to carry the load of everything that might be going on in their constituencies and which they, themselves, are unable to solve.

Now, the dismissal of these employees at home is another problem which hurts. There are heads of families who had been working for the C.N.R. for 15, 18 and even 20 years, in fact, one of the last to be dismissed had at least 31 years of service. I have no wish

to put the government on the spot. I appreciate the situation but I ask them to look at that problem and to urge the Canadian National to study it and try to find a solution which will not increase the expenditures of the Canadian National in such a way as to put its annual balance sheet in the red.

There is another problem connected with this question of railway employees. Many of these employees, ten, fifteen or even eighteen years ago chose to work for the Canadian National because they felt that that crown corporation offered more stability than private industry. They made a sacrifice in turning away from private industry to join the C.N. so as to work, as they said, for the government because, while the Canadian National is an independent corporation, in the mind of the public it is the government.

Once more I ask the hon. Minister of Transport (Mr. Hees) to take up the matter with the railway authorities in order to find a solution.

Mr. Speaker, in my closing remarks, I am going to please the hon. member for Roberval because I want to sum up my impression of the budget speech by quoting what was said in this house, in 1955, by the then hon. member for Broadview, who is now the hon. Minister of Transport.

(Applause).

I hope that there will also be applause when I have read his statement. At the end of his speech of January 14, 1955, reported on page 218 of volume I of the House of Commons debates official report, the hon. member for Broadview said:

> I would therefore urge this government to stop thinking of curing unemployment merely by making adjustments to the Unemployment Insurance Act and accelerating our public works program, necessary though those measures may be. The problem we are facing requires far sterner measures. Unemployment is the barometer of economic progress within a country, and when it increases by anywhere from 40 to 100 per cent over the corresponding figures for last year it demonstrates that we are not nearly as healthy economically as we should be.

I therefore ask my hon. friend, our genial Minister of Transport, to use all his influence with the Minister of Finance to have the very sound statement he made in this house in 1955 taken into consideration.

(Text):

Mr. F. J. W. Fane (Vegreville): Mr. Speaker, in rising to make my initial contribution to the debate in this house may I presume on my own behalf to paraphrase your initial statement to the other house, and remark that should I transgress the rules in any way the fault is mine alone. For the last six weeks I have sat in my place trying to emulate that wise old owl who sat nodding in an oak tree and the more he heard the less he spoke and the less he spoke the more he heard. Well, Mr. Speaker, I have heard so many words in those six weeks that I am compelled to register a few of my own and to say that my first observation is that at this level of democracy perhaps we are prone to treat the meaning of the word "parliament" a mite literally.

Now, Mr. Speaker, may I add my felicitations, belated though they are, to the accolades which you have already received on your re-election as the first commoner. At the same time I must congratulate this house on having among its members one so emminently suited for that onerous position which would appear to demand that its incumbent be endowed with the wisdom of Solomon, the patience of Job and a disposition that commands equanimity, good humour and fairness in the face of all conditions, and all this in two languages.

I would like to point out at this time that having as a child had the honour of being acquainted with that honourable and gracious gentleman who was your father, when he and my father campaigned together in that part of the Northwest Territories which is now Alberta, I know that it is not by chance that you have the necessary attributes to fill your high position with honour.

May I add my congratulations to the Deputy Speaker and to the deputy chairman of committees of the whole on their election to the posts they fill with such efficiency. I wish also at this time to convey my felicitations to the right hon. Prime Minister (Mr. Diefenbaker) on his success in the election just past, in being returned to office with such a decisive mandate from the people of Canada and on now having completed one full year in his high office, and on having achieved in so short a time the high ideal of a united Canada.

I must also congratulate Canada on being blessed in having a native son in the person of the right hon. Prime Minister who has been able to don the mantles of those two outstanding Canadians, Macdonald and Cartier, who, over a hundred years ago, originated the Progressive Conservative party with the object of making a united Canada, a nation composed of Canadians of many national origins, many creeds and many cultures, all welded into one people and proud to bear the name "Canadian". The

result of that achievement can be seen right in this house where all the major ethnic groups in Canada are represented and are all proud of the comradeship that exists between them. This achievement is more remarkable in that other parties have worked on the principle of "divide and conquer", with very marked success in the past, having stirred up regional, national and religious animosities for purely political expediency.

I must now make a few remarks about the constituency of Vegreville, Alberta. The constituency which I am so proud to represent takes its name from the largest town within its borders. It is truly Canada in miniature because the people who live there are descendants of those hardy pioneers who came from many lands, with many cultures and many faiths and with one idea, to make a home for their families in a country where they could be free, free to own the land on which they lived, worship according to their own belief and, in short, help to establish the freedom that we now enjoy in Canada. This they did with the result that we, the descendants of those pioneers, are welded together into a nation, Canada, and we are fiercely proud to be able to say, "I am a Canadian".

Vegreville constituency is situated in almost the centre of Alberta. In order to fix its location better in your minds, may I say that the wide spot in the road that we call the city of Edmonton, our capital city, is located about 25 miles straight west. Many Edmonton citizens were raised in my constituency, among them, for example, the hon. member for Edmonton East (Mr. Skoreyko) and the mayor of Edmonton who has made such an outstanding name for himself. It comprises an area of about 5,000 square miles which I somehow thought was quite a size until I came to Ottawa and heard the extent of other constituencies. There are about 25,000 electors with a total population of about 50,000. It contains three complete provincial constituencies and parts of four or five others.

The main industry is mixed farming, with oil activity in the Redwater and Bruderheim oil fields. Elk Island national park lies entirely within my constituency. Last year over 183,000 persons visited this park which is the home of some 1,500 plains buffalo as well as elk, moose and deer. In the northeastern part of Vegreville constituency is situated the Saddle Lake Indian reserve which has quite a large population of our original Canadians, many of whom are veterans of the first or second world wars and some of both. There is also a chemical plant at Duvernay.

The constituency is crossed from east to west by four railway lines but the Canadian National line that lies north of the North Saskatchewan river and runs from Edmonton to Heinsburg via St. Paul stops abruptly at Heinsburg and requires an extension of some 38 miles to connect with the Canadian National at Frenchman's Butte, Saskatchewan.

The constituency has been represented by Liberals, one U.F.A. member and Social Credit members, the last representative having been Peter Stefura, a Social Crediter, who was here only from June 10, 1957 to March 31, 1958. Before that John Decore, a Liberal, represented the constituency for eight years but he did not stand for re-election last June. Through the united efforts of a great many people from both inside and outside the constituency, I have been given the honour and privilege of serving the finest constituency in Canada for the next four years as its first Conservative member. I am reminded that one day last spring in my home town of Mundare I went to a Liberal meeting where the hon. member for Essex East (Mr. Martin) was speaking on behalf of the Liberal candidate. I had the pleasure of meeting him that day and I remember well saying to him that I would meet him in Ottawa after March 31. At that time I did not know that I would be sitting on the same side of the house on the left of Mr. Speaker but outside the black line that surrounds the opposition.

Since I am a farmer, Mr. Speaker, and represent a constituency that is 90 per cent dependent on the farming industry, I wish to place before you the reasons for the dissatisfaction of Canadian farmers in general and western Canadian farmers in particular. However, it is my personal opinion that, while something more must be done at this time to assist Canadian farmers to get their fair share of the national income, whether by deficiency payments or other methods, such subsidization on a permanent basis is not the answer to the farming problem. I believe that continual government subsidization of any business or industry tends to destroy initiative and will in time destroy the industry and those engaged in it. There will always be more and bigger demands for additional government help if the idea of subsidizing every industry continues. I see that we are travelling along a road that will shortly divide into two roads. We have our choice. One road leads to a total welfare state, that is, one with total government control, and the other road, while embracing something of the final results to be found at the end of the first road, has at its end an economy based on agreement between all levels of business or should I say all levels of life.

To get back to the business of farming, I want to make it perfectly clear at this time

that the farmers of Canada do not wish to require handouts or subsidies or whatever you may call them, but the farmers, who are the most independent group of people in Canada, want to have it recognized that they are the backbone of the country and that it is their right to have their business placed on a level with that of other businesses. All that we ask is that we get a square deal in the economy of Canada, which means that we get our fair share of the national income. This objective is a must for our government, because, as I said before, the economy of the country is dependent on its basic industry, agriculture. We do not like to be accused of begging for special treatment in order to survive but we do want it recognized that steps must be taken to see that we get what is our due. Unlike labour, the farmers of Canada do not wish to strike and tie up the whole economy of the nation to enforce their demands because when a strike is in effect the people who suffer most are the women and children and it is not right to cause hardship to people who are innocent.

The farmers of western Canada are faced with a situation where, when we sell our grain, we have to pay the freight on it to Fort William or Vancouver. In other words, we sell our grain f.o.b Fort William or Vancouver. The freight rate from where I live to Fort William is 26 cents per hundred pounds. It is deducted on delivery. It would be more if the Crowsnest rate was not in effect. It is a fortunate thing that this rate was agreed to by the government of Canada and the Canadian Pacific railway with the idea of it being in effect forever. We are also faced with a freight rate to the prairies which is higher than the freight rate to other parts of Canada. It is a well known fact that freight from eastern Canada can be shipped to Vancouver and trans-shipped to Alberta at less cost than if the shipment was made directly to Alberta. A situation like this should be corrected.

The farmers are also faced with the excessive cost of the machinery required to operate the farms. The increase in the price of all machinery required bears no proper relationship to the value of the work it is called on to perform. Something therefore must be done to bring the price of the machinery that we must have into a fair relationship with its value to the farming industry. Positive measures must be put into effect to correct the inequities in the spread between what the producer receives for his goods and what the consumer pays for them.

I want now to commend our government for what it has already done to assist the farmers and what the government proposes to do at this session of parliament. Cash advances on farm-stored grain have been a very great help to the farmers of western Canada. Income tax reductions, in the next year will total over $200 million. The hospitalization plan is coming into effect in five provinces on July 1, this year. The Prairie Farm Assistance Act is being changed to make it more realistic and be of benefit to more people. A national crop insurance plan is being studied and the farmers will be very happy when a comprehensive plan of crop insurance becomes effective.

At the moment, because of the inequities in the business of farming, a system of deficiency payments on farm products would be of great assistance. This would be a stopgap, until such time as the government can see its way clear to institute a two-price system on farm products.

It is very heartening to note that provision is made to expand the harbour facilities at Fort William and Port Arthur for the handling of sea-going ships and that the St. Lawrence seaway is expected to be in operation next year. This, it has been stated, will increase the return in respect of wheat to the western farmer by four cents a bushel owing to the saving in freight between Fort William and Montreal. I do hope that this is correct because the farmers in western Canada believe it to be so.

I am pleased to note that the government proposes to bring into effect a Canadian bill of rights. In my opinion, such a measure is long overdue.

I may say that the government proposals for the development of northern Canada are also long overdue, because it is well known that locked in the vastness of our great northern territory are the richest deposits of minerals and oil in the world. We must develop these for the good of Canada and Canadians and make room for increased population in Canada and provide a larger market within the nation for our Canadian products. With respect to developing this country, I would refer hon. members to the address of my good friend and neighbour, the hon. member for Peace River (Mr. Baldwin), in which he so ably set forth the situation in his constituency and further to the north. Other hon. members from northern Canada are also to be commended for the way in which they have set forth the measures necessary in order to open up this wonderful country and make its treasures available for the good of Canada as a whole.

I am very happy to notice mention has been made of a northern branch of the trans-Canada highway to serve the north central, and northern part of the prairie provinces and British Columbia. Such a highway through the Yellowhead pass would be of inestimable benefit to Canada. I would like to

see it come through my constituency on the direct route from Saskatoon to Edmonton, which would be over Alberta's highway No. 16, and this as soon as possible.

A great deal has been said about the railway situation in northern Alberta. The hon. member for Athabasca (Mr. Bigg) has at times remarked on an extension to the Canadian National Railways line which goes from Edmonton to Heinsburg, through St. Paul, Alberta—a matter of about 38 miles—and the benefits this extension would provide for the people living in the country served by this railway, and also for the industry situated at Heinsburg. The first benefit to the farmers of the Vegreville constituency, who live north of the North Saskatchewan river, would be a saving of two cents per bushel in freight on their grain. I would suggest that this government very strongly consider the necessity of urging the Canadian National Railways to complete the extension of this line from Heinsburg to Frenchman's Butte. I have never been able to understand how or why this extension was not insisted upon by former governments.

As I have mentioned before, I have within my constituency the Saddle Lake Indian reserve and I may say that I have strong opinions on the way that these people should be helped to take their places as full citizens of Canada. I know perfectly well that many of them still wish to enjoy the benefits of their more or less sheltered existence, without the added responsibility of citizenship, but if this policy of treating them as children and wards of the government continues they will never be able to take their proper place in the life of their country, and to make the contribution to Canadian life of which they are capable. I think they should be permitted to enjoy full Canadian citizenship with, for some years, no restriction on the benefits they have been receiving under the original treaty.

We have heard a very great deal of talk about the unemployment situation in Canada. This is a real problem, but I would bring to your attention the fact that there are jobs for 150,000 to 200,000 workers if they would only accept work on Canadian farms. The farmers are unable to properly carry out farming operations, because of the lack of farm help, and farmers cannot compete with industry in the matter of wages paid to farm help because farmers do not get that kind of money for what they produce. Therefore, when the returns to the farmers of Canada for their products are brought to the proper level the agricultural industry will be able to be conducted along the lines of other industries and farmers will be able to get the necessary help to conduct their operations efficiently.

The increase in benefits to veterans and their dependents through the changes in the War Veterans' Allowance Act and the legislation covering veterans' dependents are greatly appreciated by those people to whom this country owes so large a debt of gratitude.

I was very pleased to hear the Right Hon. Harold Macmillan, Prime Minister of the United Kingdom, remark in this house a few days ago that the results of the visit of the trade mission sent to the United Kingdom by the present government in late 1957 were most gratifying, and that the benefits will increase as time goes on.

I now want to congratulate the Minister of Finance (Mr. Fleming) on having the intestinal fortitude to bring down a deficit budget at this time. This shows that our government has a full realization of the situation in Canada and is taking drastic measures to control the situation. In time of war there is always money available for everything that is necessary. A budget based on a large deficit is the normal course to follow at that time. Why, then, is it wrong to follow the same course during peace? The statement has been made so many times that there is always money to fight a war, so why is there not money for peace? Among the many things the budget provides—and I am going to confine my remarks to a very few—are the changes in the Succession Duty Act under which a widow will now have a total exemption in respect of her husband's estate of $60,000. The injustices perpetrated under the former act have always been a very great hardship to the widows and their families. I am also pleased to see provision made for deductions in respect of medical expenses. The savings to municipalities in removing the duty on culverts and machinery will be of very great assistance. The removal of duty on parts for farm machinery will also help the farmers.

In view of what I have said, I would like to suggest that this house vote against the sub-amendment and, when the time comes, that it likewise vote against the amendment and that the motion proposed by the Minister of Finance be approved in its original form.

Mr. D. R. Mitchell (Sudbury): At the outset of my remarks, Mr. Speaker, I wish to assure hon. members that in the vote which will be taken in a few moments we in this party will support this amendment to the amendment because it is based on the principle of tax reduction as an anti-recession measure. We made such tax reduction the main plank in our anti-recession program. It was a planned and co-ordinated program without

similarity to the unco-ordinated measures of the present government which would not perhaps be improved in practice by adding the provisions of this amendment. However, as I have said, the subamendment is based on the principle of tax reduction as a stimulus to employment and an anti-recession measure. For that reason we will support the amendment to the amendment.

In rising to take part in this debate, Mr. Speaker, I hasten to make a few observations concerning the recent budget brought down by the Minister of Finance (Mr. Fleming). As one of the members from northern Ontario I assure you that it is still a stronghold of Liberalism and I am sure that it will remain so for some time to come. I might add that we in northern Ontario are honoured and privileged by our leader having his constituency there, a fact of which we are extremely proud. Following the recent election, in which not one Conservative was elected in northern Ontario, it is easy to understand why Conservatives would be concerned about this situation.

Mr. Speaker: Order. It being 9.45 o'clock p.m., it is my duty, pursuant to section 4 of standing order 58, to interrupt these proceedings and forthwith put the question on the amendment to the amendment.

The house divided on the amendment to the amendment (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Boivin
Boulanger
Bourget
Bourque
Brassard (Lapointe)
Carter
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Godin
Gour
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Loiselle
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Meunier
Mitchell
Pearson
Peters
Pickersgill
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—43.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Anderson
Asselin
Baldwin
Barrington
Beech
Bell (Carleton)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Broome
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Stormont)
Cardiff
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Crouse
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Frechette
Fulton
Grafftey
Green
Grenier
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Jasper-Edson)
Howe
Jones
Jorgenson
Jung
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Letourneau
Lockyer
Macdonnell
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGregor
McIntosh
McLennan
Mandziuk
Martel
Martineau
Martini
Milligan
Monteith (Perth)
Monteith (Verdun)
More
Morissette
Morris
Morton
Muir (Lisgar)
Murphy
Nasserden
Nielsen
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Pearkes
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rynard
Skoreyko
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Stearns
Stefanson
Stinson
Tasse
Taylor
Thomas
Thrasher
Tremblay
Valade
Villeneuve
Wratten
Yacula—146.

On motion of Mr. Mitchell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I could ask the leader of the government if the government has yet reached any conclusion

about Monday? I assume this debate goes on tomorrow.

Mr. Green: Yes, Mr. Speaker. We shall continue tomorrow with the budget debate. On Monday we are bringing on a motion to go into supply and I am hoping that the house will be in an amiable mood—

Mr. Martin (Essex East): Will the Minister of Public Works be in an amiable mood?

Mr. Green: —and once we get into supply we shall call the estimates of the Department of Public Works and then we hope even more that the hon. member will be in an amiable mood.

Mr. Pickersgill: I did not catch what the minister said.

Mr. Green: I think you did. And then on Tuesday we will go on with government business.

It being eight minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

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

Questions

UNEMPLOYMENT INSURANCE—EXTENSION OF BENEFITS

Question No. 99—**Mr. Martin (Essex East):**

1. Has the government received representations from any organization or trade union to further extend unemployment insurance benefits when the present extension expires?
2. If so, was a reply given to such representations and of what nature?
3. Has the government taken any action towards a further extension of such benefits?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. Representations have been received by the government from one organization.

2. Yes, the government replied that the representations had been brought to the attention of the proper authorities for careful study.

3. See answer to No. 2 above.

UNEMPLOYMENT INSURANCE—AMENDMENT OF REGULATIONS

Question No. 106—**Mr. Martin (Essex East):**

1. Has the government received representations from any organization or union to amend the unemployment insurance regulations so that any claimant being laid off indefinitely from his or her plant at any time prior to the normal vacation will be enabled to draw benefit for the vacation period?
2. If so, has the government taken any action to amend the regulations as suggested?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. The unemployment insurance commission has received no such representations. However, the present regulations provide that a claimant for unemployment insurance benefit who has been laid off prior to a general continuous holiday may be paid benefit in respect of the holiday period. There is one exception. If the holiday starts within six weeks after the commencement of the lay-off, any holiday pay received or receivable is treated as earnings for the period of the holiday and the amount of benefit adjusted accordingly. It follows that, if a claimant is not entitled to holiday pay, benefit is paid in full for the holiday period.

2. See answer to No. 1.

HOUSE OF COMMONS

Friday, June 27, 1958

The house met at eleven o'clock.

FRUIT

BRITISH COLUMBIA—TABLING OF DOCUMENTS CONCERNING SUPPORT PRICE FOR RASPBERRIES

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I should like to table the telegrams and the order in council which were requested yesterday in connection with the stabilization price of raspberries in British Columbia.

DRUGS

APIOL—SUGGESTED PROHIBITION OF OPEN SALE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the —I presume—acting minister of national health and welfare. My question concerns the health and welfare of this generation and generations yet unborn. Has the minister's attention been drawn to a news item in the *Gazette* of June 17 entitled "Doctors Claim Poison Sold Across Counter", and the report of the committee on maternal welfare, presented to the annual meeting of the Canadian Medical Association, which comments on the irregular sale of drugs and consequent poisoning by preparations containing oils of apiol? Can the minister inform the house why the sale of this drug across the counter has not been prohibited under the Food and Drugs Act?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, in the absence of the minister may I take this question as notice. I will inform him as soon as I see him.

COAL

NOVA SCOTIA—REQUEST FOR STATEMENT FOLLOWING RECENT MEETING

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, can the Prime Minister advise the house what results, if any, have followed from conversations held yesterday among members of the government, the premier of Nova Scotia, union and company officials, concerning the cut-backs in the Nova Scotia coal industry?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the Leader of the Opposition stated yesterday, we had a meeting with the premier of Nova Scotia, the representatives of the Dominion Coal Company and the labour union, the hon. member for Cape Breton South (Mr. MacInnis), as well as various ministers, the Minister of Mines and Technical Surveys (Mr. Comtois), the Minister of National Revenue (Mr. Nowlan), the Minister of Veterans Affairs (Mr. Brooks) and the Minister without Portfolio, the hon. member for Greenwood (Mr. Macdonnell). We discussed in general the situation created in Nova Scotia in consequence of the fact that 1,400,000 tons of coal are piled up and are at the moment unsaleable, although there are orders on hand for the disposal of some 4 million tons in the foreseeable future.

I want to say first that the manner in which the representations were made, both on the part of the company and on the part of the representatives of the unions, was deserving of the highest compliment. There was obviously a desire on the part of both to present a picture, and one of deep concern, not only to those directly affected, namely the miners in Nova Scotia and their families, but also to the economy in general of Nova Scotia and indirectly of the maritimes.

The representations that were made are now receiving the consideration of the government. It is a complex problem; it is one that deserves the fullest consideration. What the decision will be I cannot at the moment say. The cabinet met this morning and discussed the question in all its ramifications, and will also give it further consideration later today.

Having regard to the size of the problem and its great importance, I will say no more than that every sympathetic consideration will be given to assure the bringing about of a state of affairs which will ameliorate to the maximum degree possible this very trying and serious problem. My feelings in that regard and those of my colleagues in the cabinet have certainly been intensified as a result of the co-operative attitude displayed by the representatives of the company and the union. I cannot go further at the present time, except to assure the Leader of the Opposition that this matter is one of pre-eminent importance.

Inquiries of the Ministry

Mr. H. W. Herridge (Kootenay West): I should like to ask the Prime Minister a supplementary question. Does a situation such as this concern the Borden commission, and have they made any interim reports or recommendations to meet such a situation?

Mr. Diefenbaker: Mr. Speaker, at the moment I can see no connection superficially between the situation in the mines of Nova Scotia and the problems that are faced by the Borden commission. It may be that on closer examination there might be some direct connection, but certainly any decision that will be made will not in any way derogate from the problems faced by the Borden commission or the recommendations the commission will make.

ST. LAWRENCE SEAWAY

INQUIRY AS TO LAY-OFFS FOLLOWING FLOODING OF CANALS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Transport. Because of the inundation of the Ontario-St. Lawrence canals which will take place on and after July 1, can the minister tell the house, now or at a later date, since I was not able to give him notice of this question, how many employees will be laid off because of the inundation of these canals and what his department or the government are doing to find employment for those who will be affected?

Hon. George H. Hees (Minister of Transport): I will get that information for the hon. member and give a reply on Monday.

TRADE

GATT—STATEMENT AS TO RENEWAL OF AGREEMENT

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Springfield asked me several questions which I should like to answer now. The first question was:

When will the general agreement on tariffs and trade . . . be up for renewal?

The answer is that GATT continues automatically in effect among the countries wishing to participate, and the question of its termination or renewal therefore does not arise. The next meeting of GATT countries is scheduled for October of this year. As far as the schedules of tariff rates that have been negotiated under GATT are concerned, these are at the present time bound against increase for a firm period until January 1, 1961. This, of course, is subject to the renegotiation of particular tariff rates under established GATT procedures.

The second question was:

Will representations be made at that time to the effect that Canada's position be recognized in a special category?

I am not sure what is meant by this question. Should the government at any time consider that special arrangements within GATT should be made with regard to Canada's position, this could, of course, be taken up with our other GATT partners. However, as I stated at the twelfth session of GATT last year in Geneva, the government's position at the present time is that we shall continue to operate our policies in accordance with the rules and procedures of GATT.

The third question referred to the likelihood of the agreement not being renewed by the congress of the United States. I have no comment to make on possible action by another country.

TELEVISION

NEW CARLISLE, QUE.—NATIONAL NETWORK SERVICE FOR PROPOSED STATION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I should like to direct a question to the Minister of National Revenue. Is the minister prepared to advise the house what action is contemplated by the Canadian Broadcasting Corporation to provide national network service to the proposed television station to open in New Carlisle, Quebec, this coming fall? Will such service, if provided, include both French and English networks?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member gave me notice about this the day before yesterday. It is proposed to have a bilingual station at New Carlisle of whose programs approximately 65 per cent—I am not being specific within a point or two—will be French language broadcasts and approximately 35 per cent in the English language. It is proposed to connect this station in the immediate future with the microwave outlet in so far as the French language is concerned because, as the hon. member knows, it is easier geographically to connect with the French microwave service. In so far as the English programs are concerned I should not like to say at the moment whether we will be able to connect with that microwave outlet in the immediate future, but ultimately, I am advised by the C.B.C., that is their intention.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO REPRESENTATIONS BY MUNICIPALITIES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister if his attention has been drawn to an item in the *Globe and Mail* to the effect that he had assured himself a place in Canadian history by agreeing to a municipal-provincial-federal conference. This statement was apparently made by the mayor of Toronto, and what I specifically wish to ask the Prime Minister is whether he has given any assurance to the mayor of Toronto or anyone else that such a conference will be held, and if so when.

Right Hon. J. G. Diefenbaker (Prime Minister): I am glad to see the interest taken by the hon. gentleman in this assurance of a place in history for the Prime Minister. I appreciate his interest in this regard. With respect to the question itself, I wish to say that the only suggestion that has been made in any way in connection with the matter to which he has alluded is that there will be an opportunity for representatives of the municipalities to come to Ottawa to present their views some time, I hope, late in September, following the commonwealth trade and economic conference.

Mr. Pickersgill: May I ask a supplementary question. Was the premier of Ontario then in error in the statement he made that the provincial governments were also to be represented at this conference?

Mr. Diefenbaker: The entire program at the moment is as was promised to the mayors' association and as requested by them, namely that they have an opportunity to informally present their views. An undertaking was given at the time these representations were made—I think it was in February last—that an opportunity for such an informal conference would be provided, and in pursuance of that undertaking an informal conference with the municipalities will take place, as I said a moment ago, some time late in the fall following the commonwealth conference.

Hon. L. B. Pearson (Leader of the Opposition): A supplementary question, Mr. Speaker. I wonder if the Prime Minister would consider bringing to the attention of the premier of Ontario the undesirability of making statements of this kind reflecting on the Prime Minister.

Mr. Speaker: I am sure the Leader of the Opposition does not expect the Prime Minister to move out of his own field in that way.

Mr. Pearson: I was just thinking of the Prime Minister's place in history.

Mr. Diefenbaker: Such solicitude on the part of the Leader of the Opposition is most touching.

Hon. Paul Martin (Essex East): With great respect, Mr. Speaker, I wonder if I may just observe, with regard to the question put by the Leader of the Opposition—

Some hon. Members: Question.

Mr. Martin (Essex East):—on a question of privilege and order, that the question put by the Leader of the Opposition was not a frivolous question. It was based on an observation made and a question put a few moments ago by the hon. member for Bonavista-Twillingate, who asked about a statement made by the premier of Ontario with regard to the holding of a dominion-provincial conference. Surely the Leader of the Opposition is permitted under the rules of this house to ask a question which would elicit from the Prime Minister an amplification of the reply he made to the question previously put to him, as to whether or not statements made outside this house by the premier of Ontario with regard to a dominion-provincial conference are to be ignored by the government.

Mr. Speaker: I assure the hon. member for Essex East that my comment on the question of the Leader of the Opposition was not a frivolous one. The question related to a statement made by the premier of Ontario. If he will consult the rules and precedents with respect to the asking of questions he will find that it is not in order to ask of the ministry questions about matters not within their control and jurisdiction. I suggest to him that statements made by the premier of Ontario are not within the jurisdiction or control of the Prime Minister of Canada. That was the question as I understood it, and that was the view I took of it. The other things the hon. member for Essex East said may be quite proper and correct, but on that particular point that is the view I hold.

Mr. Pearson: On a point of order, Mr. Speaker, may I ask you this question with great respect. Would your ruling mean that members of this parliament could not ask any questions relating to a statement made by the premier of a province, if that statement was on a matter entirely within federal jurisdiction?

Mr. Speaker: Certainly not.

Inquiries of the Ministry

Mr. Pickersgill: If I may, I should like to ask the Prime Minister a further question. Can the Prime Minister tell us whether the government of Canada has any plans to hold a federal-provincial conference in 1958?

Mr. Diefenbaker: The full answer has been given to that question in the past. Whenever there is any change or alteration of viewpoint, it will be communicated to the house.

CENTRAL MORTGAGE AND HOUSING

REFERENCE TO SUGGESTED REASONS FOR REDUCTION IN STAFF

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Prime Minister. It is corollary to the question I asked the Secretary of State the other day about the relationship of the civil service and Central Mortgage and Housing Corporation. Has the Prime Minister seen or studied or considered any action on the charge made at a civil service meeting in the railway committee room Wednesday night that the C.M.H.C. staff was reduced not through dollar-saving dismissals in the interests of efficiency but through people quitting because working conditions at C.M.H.C. were so bad?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not seen the item in question. I have seen references to it. After the statements made before that committee have been brought to the attention of the government, consideration can then be given as to the answer to the allegations in question.

BRIDGES

NUNS' ISLAND—INQUIRY AS TO REPRESENTATIONS RESPECTING NAME

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Has the minister received representations from a Montreal committee recommending a name for the new bridge at Nuns' island, and will the bridge be called after Champlain in commemoration of the 350th anniversary of the founding of Quebec?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the chairman of the national harbours board has had meetings with representative bodies in Montreal to try to decide what would be an appropriate name. That matter is under consideration now. I expect to be able to make an announcement about it in the near future.

[Mr. Speaker.]

EXTERNAL AFFAIRS

YUGOSLAVIA—REPORTED INTENTION TO SEEK CREDITS IN CANADA

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask the Secretary of State for External Affairs whether he is in a position to comment on a statement made yesterday by the minister of economic affairs in Yugoslavia that in view of the suspension of credits by the Soviet union to Yugoslavia, the government of the latter country was going to seek credits to bolster its economy from other countries including Canada.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I have no comment to make.

IMMIGRATION

HUNGARIAN REFUGEES—STATEMENT ON AGREEMENT WITH ONTARIO

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): In answer to a question by the hon. member for Bonavista-Twillingate yesterday I informed him that I had not then been able to ascertain the relationship of the agreement with Ontario on the Hungarian question to the agreement with Saskatchewan. Since that time I have found they are both the same; in fact the Ontario agreement was modelled after the agreement already in effect with Saskatchewan.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Is the hon. lady aware that that was the original proposal we made to the government of Ontario, which was previously turned down as inadequate?

An hon. Member: Question.

Mr. Pickersgill: That was a question.

BUSINESS OF THE HOUSE

INQUIRY AS TO REFERENCE TO COMMITTEE OF CERTAIN TRANSPORT ITEMS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I would like to ask the house leader the following question. In view of the fact that in the past it has been the custom to refer certain Department of Transport items such as maritime freight rates, the Prince Edward Island car ferry deficit, the Hudson Bay railway, the Yarmouth-Bar Harbor ferry and the Newfoundland car ferry to the committee on railways and shipping, could the minister inform

the house if it is the intention of the government to withdraw these items from the committee of supply and to refer them to the committee on railways and shipping owned, operated and controlled by the government?

Hon. Howard C. Green (Minister of Public Works): If the hon. member for Laurier will refer to today's order paper he will notice that under item No. 15 there is a motion for the setting up of this committee to which he refers.

Mr. Chevrier: That does not answer my question, Mr. Speaker. As I said, in the past it has been the practice to refer these five or six items of the Department of Transport to the committee on railways and shipping for consideration, where the officers of the Canadian National Railways can be examined upon them, and my question was as to whether these items, which have already been referred to the committee on railways, canals and telegraph lines, would now be withdrawn from that committee and referred to the committee on railways and shipping.

Mr. Green: The hon. member is not as bright as he should be this morning. If he will look at the motion by which certain items of the Department of Transport were referred to the standing committee on railways, canals and telegraph lines, he will find that items 431, 432, 442, 443 and 635 were not included. I believe those are the items to which he refers. The intention is to refer them to the special committee, notice of the setting up of which has been given.

Mr. Chevrier: That was the point about which I was seeking information from the house leader, whether it was the intention to refer those items to the committee on railways and shipping. There has been no such indication so far.

Mr. Green: If the hon. member had done his homework—and he is obviously missing the tremendous staff he used to have behind him when he was on this side of the house—he would have found that those particular items were not referred to the standing committee on railways, canals and telegraph lines, and that reservation was made for the very purpose of having those items referred to this special committee on government-owned railways and shipping.

Mr. Chevrier: Why did you not tell us in two words that that is what you are going to do?

Mr. Green: I could not make the hon. member understand with a few words.

Inquiries of the Ministry

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF PARLIAMENTARY ASSISTANTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I would like to address a question to the Prime Minister in a spirit of friendliness rather than of impertinence. Could the minister inform us as to what date the anxiety and speculation among our Conservative fellow members will end and proper ambition receive its due reward with the appointment of parliamentary assistants?

FISHERIES

NEW BRUNSWICK—STATEMENT ON EXTENSION OF GASPEREAU SEASON

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Yesterday the hon. member for Northumberland-Miramichi asked me a question which I took as notice, and which was as follows:

> Have any representations been received with regard to the extension of the gaspereau fishing season in the Miramichi area?

The answer is that no such representations have been received.

ROYAL CANADIAN MOUNTED POLICE

DROWNING OF FIVE MEMBERS OF FORCE—VERDICT OF CORONER'S JURY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I would like to direct a question to the Minister of Transport. In view of the findings of a coroner's jury with respect to the death of one of the R.C.M.P. officers drowned in lake Simcoe, and the fact that it appears that the small boat regulations of the Department of Transport were not adhered to by those charged with the responsibility of enforcing them, what action will the department take in connection with this matter?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. The department has not yet received a complete copy of the findings of the coroner's jury, but the information we have obtained unofficially is under careful study. When we receive a copy of the findings as a whole they will be thoroughly considered, and if action appears necessary it will be taken.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Finance if it will be possible for him to ascertain from the officials of the royal commission on the revision of the terms of union with Newfoundland when the report might be expected?

Hon. Donald M. Fleming (Minister of Finance): I have no precise information on the point, Mr. Speaker, but my understanding is that there is ground for hoping that the report may be available before too long.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, June 26, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, in rising to take part in this debate I hasten to make a few observations concerning the recent budget brought down by the Minister of Finance. As one of the members from northern Ontario I assure you that it is still a stronghold of Liberalism, and I am sure it will remain that way for some time to come.

Following this recent election, when not one Conservative was elected in northern Ontario, it is easy to understand why the Conservatives would be concerned with this situation. In a newspaper article which appeared not long after the election I noticed a statement to the effect that the Conservative national organizer was considering taking a trip to northern Ontario to study just why this catastrophe had happened to the Tory party. I do not believe it will do him much good should he take this trip, as I firmly believe that the best informed and most intellectual electors live in the various parts of northern Ontario.

Mr. Pickersgill: And in Newfoundland.

Mr. Mitchell: This, I am sure, shows a firm belief in Liberalism, and I see no reason why any of the electors in the north should ever depart from it.

In the minister's budget there are certain irregularities that I feel I should bring to the government's attention. The Conservative government's budget forecasts a deficit of $648 million. This figure must be viewed with some reserve and suspicion, and certainly should be subjected to further analysis. As recorded at page 1240 of *Hansard* the Minister of Finance stated in his budget speech:

> After studying all the available data most carefully and taking account of possible lapsings and our continued search for economies, I have come to the conclusion that our budgetary expenditures for the fiscal year ending March 31, 1959, will be approximately $5,300 million.

Is this figure realistic? Let us begin with the expenditure proposals that are already known and which we find in the tabled main estimates and the first of the supplementary estimates, totalling the sum of $5,237 million. To this must be added payments to the provinces under the Hospital Insurance and Diagnostic Services Act of $70 million, the deficit in the old age security fund of $190 million and the deficit for the Canadian National Railways of $55 million. We then arrive at a total of $5,552 million.

In addition we must add rough estimates for additional statutory requirements and the usual final supplementary estimates totalling $50 million, and payments under the Agricultural Stabilization Act of $3 million, which give a total of $5,605 million. We must also take into consideration unknown expenditure factors including salary increases for civil servants and armed forces personnel, which could amount to $100 million, and further revisions in the dominion-provincial tax rental agreement which could amount to $150 million should Ontario be granted its demand for $78 million.

Assuming that no action is taken by the government with respect to salary increases and upward revision of payments to the provinces, our budgetary expenditures for the year ending March 31, 1959, appear to be approximately $300 million more than the $5,300 million estimates of the minister. Accepting his estimate of revenue of $4,652 million, we find that the budgetary deficit amounts to $5,605 million minus $4,652 million or a total of $953 million.

We now must take into consideration a bookkeeping transfer to budgetary revenue, I suppose, from a non-budgetary national defence equipment account which amounts to $165 million. This bookkeeping shift was evidently taken into consideration by the minister in arriving at his budgetary deficit. If we do the same our estimated $953 million deficit is cut down to $788 million, or $140 million more than the figure that is being quoted so widely. This $788 million deficit presupposes no governmental action on salary increases or increased transfer payments to the provinces. It is difficult to assume that nothing will in fact be done in these two

problem areas. Hence the concern regarding the presently forecast budgetary deficit of only $648 million, and the suspicion that future events will probably bring this deficit figure up to $1 billion.

In times of stress no one argues with the necessity for a deficit budget. However, the full and proper figures should be given and no attempt made to pull the wool over the eyes of the Canadian people when a budget such as this is presented. True figures should be shown, and I believe this has not been done.

It should also be borne in mind that the purpose of this deficit budgeting was to correct unemployment. I will admit that employment figures have increased in the last month, but the over-all number of unemployed is still higher than it should be, and certainly higher than it has been in many years; and now the Canadian taxpayer is faced with both a deficit budget and unemployment. It has not cured the ills it was intended to cure, and this money has to be recovered in one way or another from the taxpayers of Canada at a future date.

Some time ago, Mr. Speaker, I had occasion to say a few words concerning the plight of the small businessman, and I was hoping that some relief for him might have been indicated in this budget. Unfortunately this does not seem to be the case and he is no better off; in fact he is worse off as each day goes by. I am sure it would not have cost the government a great deal of money should the small businessman have been allowed accelerated depreciation on any alterations or renovations he might want to make in his place of business. This would have been of assistance, but it was not contained in the budget.

I feel that the small businessman is being overlooked due to the scarcity of such men in this house; therefore he has not been able to shout loud enough to reach the ears of the mighty. I place myself in the category of a small businessman, and it is for this reason I am attempting to bring the situation to the attention of the government.

At the time I spoke I mentioned that I felt the attention of the combines investigation commission should be drawn to some of the practices which are prevalent and are very harmful at this time. I know that representations have been made to this commission and to various ministers by various retail organizations regarding the use of loss leaders by many of the larger businesses. These loss leaders are used as an attraction to customers to visit their premises where they may pick up other merchandise which shows a respectable profit.

Just recently I received in the mail an advertisement of one of the large business firms in the city of Toronto dealing in furniture, and I should like to mention two articles which I think the house will agree with me are certainly "come-on" merchandise. I hold the advertisement in my hand, and I draw the attention of the house to a very well-known product, namely Kleenex, which in this advertisement reads, "Regular 19 cents a box, on sale two for 19 cents." I assure hon. members that this merchandise cannot be purchased wholesale at nearly this price. Therefore it is in the category of a loss leader.

However, this is not bad enough. This is a business firm which sells furniture, but in the other corner of the advertisement we find this: "Fresh today, Sunbeam bread, 5 cents a loaf". I reiterate, this is a furniture store which has no connection with the sale of bread, but as a come-on is advertising it at 5 cents a loaf. Any hon. member who has been sent out to buy a loaf of bread knows what the approximate regular price should be.

This is a practice which I feel should be stopped. I am sure it is not the intention of any government to allow this to continue, as it, along with many other loss leaders, is detrimental to the small businessman who is trying to make a living and provide a home for his family. I would urge the government to take steps as soon as possible to organize the committee, which they have suggested, to look into this practice which is being followed every day and prevent many small businesses from being forced to the wall and closing up shop.

In the budget, Mr. Speaker, legislation was brought down indicating that prescribed medicines are to be allowed as deductions for income tax purposes. I feel that this legislation is quite in order. As a pharmacist I believe this will be a great relief to persons who have lingering illnesses which cost considerable money, and relief in this way will be welcomed by many families. However, as a pharmacist I must draw attention to the extra work it will entail in each drug store in the recording, filing and giving of receipts for such medication. It will place the pharmacist in a rather embarrassing position if some of his customers should mislay their receipts and at income tax time hurry to him in the hope that he can give them copies. We are pleased to do this, but the amount of work entailed in hunting back over records is going to be tremendous and a tax on the staff who are already overloaded with regulations, the keeping of records and so forth, far in excess of any other type of retail business.

I also wish to draw the minister's attention to the wording he has used in his budget

speech, which I feel does not fit the circumstances and I hope will be altered when the resolution is brought down. I refer to the wording in the budget speech as follows:

> Accounts paid after June 17, 1958, for drugs and medicines which have been prescribed in writing by a medical practioner to be included in the medical expenses in computing taxable income.

The words "in writing" do not seem to be appropriate. Under present regulations of the Department of National Health and Welfare and through pharmacy acts in various provinces we are allowed to take certain types of prescriptions over the telephone and reduce these to writing over the doctor's signature in the form of a prescription, with the pharmacist's signature as well. Therefore I believe this resolution, as far as the wording is concerned, should be changed to read "Legal prescription" or "prescribed medication" instead of the words "in writing". This could be worded in another way which would provide that drugs, medications and so forth which have been prescribed by a medical practitioner, a dentist, a veterinarian surgeon and so on, and recorded by a licensed pharmacist, can be included as expenses that are deductible for income tax purposes. Any of these three wordings would be quite acceptable and should be used in preference to the words "in writing".

I hope the resolution, therefore, will be appropriately reworded, and that supervision will be given by the department's inspectors so that only drugs and pharmaceutical preparations are allowed as prescribed items. If this is not done many other articles could be included in the form of a prescribed order, which is not intended in the legislation and would add considerably to the amount of money this legislation would cost the government. I assure the house that we pharmacists are quite willing to assist in this relief for our customers, but certain pitfalls could be encountered which I hope will be thoroughly investigated to prevent any unfair advantage being taken of this legislation. Representations have already been made by our Canadian pharmaceutical association to the deputy minister of finance, and I believe certain questions have been ironed to everyone's satisfaction, with a view to having this legislation run smoothly and achieve the purpose for which it is intended.

Mr. Speaker: Is the house ready for the question?

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I am very pleased indeed to have a part in this debate. I have listened with interest to the speeches which have been made by opposition members as well as by members of our own party. I should like to contribute to the congratulations which have already been offered from all parts of the house to the Minister of Finance (Mr. Fleming) on this excellent budget.

This is a moderate budget, well balanced, designed to maintain a balance between the forces of depression and the forces of inflation. I think even the members of the opposition will agree that the Minister of Finance has done an acceptable job in this regard. I have noted some of the comments from members of the opposition. The Liberal financial critic, the hon. member for Kenora-Rainy River (Mr. Benidickson), made these statements at page 1279 of *Hansard* for June 17:

> The budget contains very little for the Canadian people except cheaper rat poison, violins, cut flowers and tree guards not more than 36 inches in height.

Again, at page 1279 the hon. member said:

> We have a deficit not by design but a deficit by default.
>
> My analysis of what is lacking in this budget is that the government is simply sitting out the situation and sitting it out on its hands.

Then he takes a slightly different line on page 1463, after he has had several days to think it over. On June 20, he said:

> One can certainly argue for spending and deficits if they are not aimless but rather are planned, comprehensive and vigorous enough proposals to provide incentive, to provide lift, to perk up the economy. But I suggest, Mr. Speaker, that an analysis of this budget will show that the deficit is more attributable to political commitments than to economic theory or for the relief of unemployment.

Farther along on the opposition side we have the leader of the C.C.F. group, the hon. member for Assiniboia (Mr. Argue), who had this to say on June 20 as found at page 1470 of *Hansard*:

> This is an ice water budget which I think will awaken the people of Canada to the fact that on March 31 they were cheated, as has been proven by the government's lack of action since that date.

Again, on page 1471 the same speaker went on to say:

> This government, with its double talk, with its progressive face of last year and its Tory face of this year is just as inconsistent in all its actions.

On page 1472 he went on to say:

> —Conservatives all over this country, whether they be high-placed Conservatives in Ontario or high-placed Conservatives with another name in the province of Quebec, have all got their elbows or their arms into this very lucrative deal, or as somebody says, their nose in the trough. They are still exempt. There is no capital gains tax.

As found on the same page the hon. member went on to say:

> The agricultural producers of this country expected fair treatment by this government. They put great stock in the Agricultural Stabilization Act passed in this house last year, . . . The legislation says the farmer is to have the cost

of production, but the government are not trying to find out what the cost of production is.

I think those are good and typical examples of the line of criticism put forward by both parties on the opposition side. We are dealing now with the Liberal amendment to the motion to go into committee of ways and means. That amendment is in these words:

That all the words after the word "that" be struck out and the following substituted therefor: "This house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction."

I think possibly we should congratulate the official opposition for the efforts they have put forth in criticism of the budget. I think we can congratulate them for the reason that they had so little to work with that their efforts indicate great industry in their search for arguments with which to do their job. The budget has little in it to criticize, and in view of that fact the efforts of the opposition are to be commended.

With respect to the criticism that the government is following an aimless course and that its actions are unplanned, surely the opposition will remember those items which have been enumerated again and again, and which disprove that criticism. The actions of the government have been well planned, and ever since the government took office a little over a year ago they have been aimed at accomplishing certain purposes. The country was slipping into a depressed economic state. The aim of the new Conservative government was to stop that trend, to bring about a measure of greater prosperity, and to create a more buoyant economy.

The actions they took are well known. They began immediately by making more money available for housing, and during the last year over half a billion dollars has been made available for that purpose. Social security allowances of all kinds, old age security, old age assistance and disability allowances, were all increased with the object of placing more purchasing power in the hands of the people so that our markets and business generally could be stimulated and our manufacturing industries could get back to work and relieve unemployment, which was increasing to proportions very undesirable in this country.

Income taxes were eased; a total of $178 million a year was lopped off such taxes. The results of these actions have been to reduce interest rates so that money is more readily available. The recession has been slowed down, and there is reason to believe that the bottom has been reached and we are again on the upgrade.

For the same purpose, to create a more buoyant economy and also to assist agriculture, which was bearing a greater share of the burden of recession than other parts of the economy, the Agricultural Stabilization Act was passed. The government has taken action under this legislation to improve the position of agriculture and again to get more money into the hands of the people with which to buy manufactured commodities.

The government is also encouraging all segments of our economy to hold the price line in an effort to prevent further spirals of inflation. I would think these actions are neither aimless nor unplanned. They have produced results and will continue to produce results. Therefore the criticism of the opposition cannot be taken too seriously.

Now I should say a word about our Middlesex West constituency. Our riding is located just west of the city of London in southwestern Ontario. Due to the moderate climate and the nature of the soil we have probably as great a diversity of industry in this riding as will be found in any riding in Canada. We have good soil of all types, with the result that crops which will flourish and grow anywhere in Canada can be grown in Middlesex West, and they are grown there in great abundance—cannery crops, tobacco, fruits of all kinds, potatoes, grain, hay—and we have also large areas of some of the finest grazing land to be found anywhere in the world.

Our livestock production is varied and important. We have a large dairying industry, and some of the finest herds of dairy cattle that are to be found anywhere in Canada are located in our area of Middlesex West. Some sheep are raised there, but not in large numbers. Also there is an important production of hogs. Our poultry production is important. We have some of the largest turkey farms to be found anywhere in the land. Another item of major importance is the production of seed. We grow a great deal of registered grain for seed. Again, being close to large centres of population, we have a large and important greenhouse industry for the production of vegetables and flowers.

Based on this agricultural production we have a number of processing industries. We have one of the largest canning factories in the country located in the town of Strathroy, one of a chain of factories which once belonged to Canadian Canners and which still operates under that name, although control has passed to a United States interest. Another very

important industry in that area is the feed mixing industry. Every town and village has one plant or more which grinds grain and mixes it with supplements for stock feed. As western towns have their strings of elevators along the railway tracks, the towns and villages of Middlesex West have these feed mills which distribute feed mixes to the farmers.

We have a large flour mill in the town of Strathroy. We also have a very large cold storage warehouse where fruit and potatoes are stored and later packed for the trade. We have, in the riding of Middlesex West, what is reputed to be the largest egg breaking plant in the British empire, where eggs are broken and frozen and shipped all over the world. We used to dry them there and make egg powder during the war. I do not know whether that process is still being carried on; I think not. These eggs are transported in a frozen state. We have quite a number of egg and poultry processing plants where fowls are dressed and prepared for sale to the distributing trade. We also have a very large milk gathering station in Middlesex West. Milk is transported 25 to 30 miles to the station. It is cooled there and taken in large trucks to the processing plant at Aylmer. Also we have in our riding a very large seed-cleaning establishment, where carloads of seed of all kinds are prepared not only for local sale but for shipment to the United States.

Not only do we have these processing plants connected with agriculture, but in the towns in our riding we have a number of medium-sized plants which manufacture products not connected with agriculture. We have a large aluminum plant which manufactures window sashes and other building fixtures; we have a plant for the manufacture of mobile homes, otherwise called trailers, and we have a large furniture factory. We have a number of lumber mills which saw hardwood lumber for export to all parts of the country.

Our area produces fine oak timber in addition to cherry, walnut, maple, elm and all other kinds of hardwood. It is rather strange, when you ride through the towns in this area, to see on one side of the track large piles of lumber which have been sawn ready for shipment to furniture plants in other parts of the country, and on the other side of the track large piles of lumber which have been unloaded from British Columbia or northwest Alberta for use in the building trade in our own area. Hardwood is of no use for outside purposes; its use is for furniture and inside fittings. Therefore, though we produce large quantities of hardwood, it cannot be used locally except in our local furniture industry.

We have woollen mills for the making of blankets, knitting mills for socks, and we have one of the largest nursery enterprises in the country, the head office of which is in Middlesex West in the town of Strathroy with branches in Bowmanville and Abbotsford, Quebec. Then we have a large handle factory operated by the Welland Vale Manufacturing Company. There is also a large distribution plant for heating equipment—

Mr. Speaker: Order. I have allowed the hon. member to go a very considerable distance in describing his riding, but unless he relates his description to the matter under debate I think he should be content with what he has said up to this point. I do not allow him the same latitude that I allow a member making his maiden speech, because he has had earlier opportunities to do this.

Mr. Thomas: Mr. Speaker, I was just about to relate these things to the budget debate. I was pointing out the variety in agriculture and manufacturing industries, and raising the point that the budget introduced by our government aims to improve our position and to assist these industries which are being carried on in Middlesex West. What is required there in general is a certain amount of protection for our industries. The budget in its supplementary papers has mentioned certain tariff changes which are designed to assist industries through our part of Ontario. Because the protection is needed the minister and the government are to be commended because of these protective measures. Because of our position in a northern latitude it is possible to grow agricultural products farther south more cheaply than we can produce them, and to get them on the market earlier than ours can be placed on the market. A certain amount of protection is therefore required for our agricultural products. Because our industries are not large in nature, a certain amount of protection is required to keep them going.

The budget deals with the stabilization of agricultural products. It expressed the hope that large payments under the agricultural prices stabilization act will not be required. I have already complimented the government on their efforts to stabilize agriculture through the action taken under this agricultural prices stabilization act. I have read some criticism that has been offered by members of the opposition to the effect that this stabilization act is not altogether serving the purpose for which it was intended. I contend that the stabilization act has done a good job. Agricultural prices can never be set so that everyone will be satisfied. In trying

to arrive at satisfactory levels for prices I think the government has made a worthwhile effort to satisfy the farmer as well as to protect the interests of all concerned.

A large number of products are now stabilized or supported, and these support prices range from 80 per cent to 112 per cent of the base price. People in Middlesex West are generally satisfied, I understand, with the action that has been taken with regard to eggs, and for the most part with regard to dairy products. There has been some disappointment over the level of the price for soybeans, but the differences of opinion which have arisen concerning the prices of soybeans, I submit, are mostly due to the lack of any acceptable figures covering the cost of production and the lack of cost of production figures generally in the industry of agriculture.

The best figures available—and they were produced under the auspices of the economics branch of the Ontario department of agriculture—indicate that soybeans can be produced for about $1.41 per bushel, that corn can be produced for about 88 cents per bushel, and that the cost of producing sugar beets is about $9.90 per ton. There might be some agreement among the farmers as to the cost of producing a ton of sugar beets; a great deal of research has been done in that regard. However, I do not think anyone has succeeded yet in persuading the farmer that soybeans can be produced for $1.41 per bushel. However, those are the best figures available, and until the farmers or our agricultural research experts can bring forward proof that these figures are not sound, we must accept them.

With soybeans supported at $2.10 per bushel, on the basis of these figures, which are the best available, there cannot be too much complaint. The soybean producers themselves feel that they should have $3 per bushel in order to put them in a sound position in the production of soybeans. They asked for a support price of $2.57 per bushel. The government, after taking all things into consideration, set the support price at $2.10 per bushel. I know our soybean growers are not happy about this situation. Personally I am not happy but we must commend the government for using their best judgment and doing the best they could under the circumstances.

I should like to say a word about the Canada Water Conservation Act of 1953. In the riding of Middlesex West we have two conservation authorities. The one of particular interest to us is the Ausable valley authority, which takes in most of the northern part of the constituency. There is another authority in Middlesex county, namely the upper Thames valley conservation authority, which is of more interest to Middlesex East than it is to Middlesex West. I cannot see anything in the budget which will give any measure of assistance to those authorities over and above the provisions of the water conservation assistance legislation. These river valley conservation authorities include all the municipalities which have land draining into any of the tributaries of the entire river system, and each municipality appoints representatives to serve on those authorities. The conservation authorities are something like a municipal government or school board, having wide and important powers and responsibilities; and once set up they have full control over conservation in the various watersheds.

I would like to make the proposal that the federal government, when considering assistance to these conservation authorities, should include the whole conservation scheme planned by such authorities rather than limit consideration to individual items in an over-all plan. That is to say, rather than taking the attitude that one particular dam, for instance, was not of sufficient importance to justify federal assistance, several dams and other works should be all taken together when such consideration is being given to water conservation schemes.

The present water conservation legislation was criticized in the June 23, 1958 report of the standing committee on mines, forests and waters. The minister himself pointed out that this act is not giving the service which he feels it might give in providing assistance to these conservation authorities, and he made the suggestion that the legislation be reviewed with the object of making it more useful.

Time does not permit me to go into much further detail, but I would like to mention that in Middlesex West we have an Indian reserve, and that I feel it is desirable to help the Indians on that reservation to develop their agricultural resources more intensively than has been done in past years. A great deal of agricultural activity was carried on at that particular reservation prior to the first world war, but owing to its proximity to several large industrial centres the Indians since that time have tended to accept positions in industry rather than engage in agriculture. Some of the older Indians have now, however, reached the conclusion that they would be better advised to develop more agriculture on their reservation and a committee has been set up

among them to promote this idea. We have been promised the co-operation of the Indian affairs branch in connection with this project. The Indian affairs officials feel, however, that the promotion of greater agricultural activity on the reserve should come from the Indians themselves rather than from the officers of the Indian affairs branch.

In conclusion, I would again like to commend the minister and the government upon the budget, and to urge its adoption without amendment.

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, the remarks I am about to make are non-political, and it is not my intention to blame either the Conservative or Liberal governments, the present or former ministers of health or, indeed, the Department of National Health and Welfare in respect of this matter. I recently made a speech calling the attention of this house to the menace of "goofballs", urging special legislation so that the drugs used in these "goofballs" should be placed under the narcotics act.

I would like to draw the attention of the house to the fact that I made this speech on May 20, 1958; and I wish now to read into the record an article which appeared in *Time* magazine on March 31, 1958, almost two months before I made my speech in the house. This article is entitled, "Nova Scotia 'Goofball' Crackdown", and reads as follows:

> Halifax civic, school and medical authorities last week rang in an alarm on a worrisome concern: a rumoured popularity among teen-agers for "goofballs" (barbiturates dropped in soft drinks or beer). The Halifax medical society and a citizens' committee brought together by Mayor Charles Vaughan, 40, called for tighter provincial and federal legislation to control the drugs.
>
> In Halifax drugstores barbiturates (almost any of a wide range will do) may be sold only by a prescription, but there are no laws limiting subsequent possession or use. Schoolboy Tommy Rollins, 14, came by a bottle of barbiturates by filching them from the drugstore where he worked afternoons. By the time he got home that evening, he was acting strangely "drunk and foolish". Next day Tommy went out for a walk and disappeared. Three weeks ago his body was found in a wooded area near his home. The verdict of the coroner's jury: barbiturate poisoning.
>
> The citizens' committee reported that it found little evidence of a "goofball" fad—drugstore sales had shown no recent appreciable increase, druggists reported little pilfering, and schools had only a few isolated cases under investigation. Said Mayor Vaughan: "We are not having the trouble reported in many United States cities, but that doesn't mean we won't have it if we don't get legislation now."

I should like to read into the record a small portion of an article entitled "Goofballs Smuggled into Prison" that appeared in the Montreal *Star* of Tuesday, March 25, 1958. After setting out what happened the article states:

> The investigation has revealed that four dozen "goofballs" (barbiturate pills) were smuggled into a prison on Sunday by a visitor, Lt. Legault said.

Further down the article states:

> About half an hour's work ended the demonstration shortly before noon but not before the prisoners had smashed all the windows, lights, and water fixtures in the jail wing of the Joliette court house.

If a few "goofballs" can result in practically demolishing the interior of a jail you can understand the damage they could do to schoolboys who are not yet mature. In my speech of May 20, 1958, I said I was mayor of a city which had been victimized by "goofballs". I never said I was speaking for or on behalf of the city of Outremont; in fact I never mentioned the name Outremont, nor did I mention the word "druggist" in my speech. Mr. F. H. Hart, chief of inspection services of the Department of National Health and Welfare, a menial employee, had the effrontery to give an interview to a Montreal newspaper denying the facts mentioned in my speech, commenting thereon, adding facts never mentioned by me and finally concluding his interview by deliberately slandering the druggists of the city of Outremont. Since when can a menial employee enter into a controversy with a member speaking in this house, and add to, subtract from and distort the nature of the facts mentioned in his speech? In fact, what right has he to comment on the speech of a member of parliament?

I should like to quote from Mr. Hart's interview to the newspaper that I mentioned previously, which appeared in the Montreal *Star and Herald* on Saturday, May 24, 1958:

> He—

Mr. Hart—

> —didn't take seriously the term "goofball".
>
> "I heard that one 30 years ago", he said. "It can mean anything the user intends it to mean. It used to mean a mixture of aspirin in a soft drink, and that really didn't do much harm".

The article in *Time* magazine was dated March 31, 1958. The prison riot due to "goofballs" in the Joliette jail occurred on March 25, 1958. My speech was made on May 20, 1958; yet Mr. Hart states that he does not take seriously the term "goofball". He said he had heard of "goofballs" 30 years ago but not since. Where has he been hiding for the past 30 years? I wish to quote again from Mr. Hart's interview in the newspaper:

> Mr. Hart conceded that there have been prosecutions of pharmacists in Outremont for illegal sales of medicinals which can only be sold on prescription, and that $100 fines were imposed, in spite of requests from the federal Department of National Health and Welfare for stiffer penalties.

I have no hesitation in saying that this Mr. Hart is either sleeping at the switch or

he is an outright liar. I have inquired from the director of police in Outremont, who has been on the force for over 30 years, and he says that to the best of his knowledge never has an Outremont druggist been condemned or fined for any infringement of the drug act; in fact never has one druggist ever been accused or brought to court on a drug charge. I am proud to say, Mr. Speaker, that we have in the city of Outremont the finest group of druggists that can be found anywhere on the North American continent. Our city attorney has also confirmed the statement made by the director of police that no Outremont druggist has ever been arrested, charged, fined, condemned or even brought to court for any infringement of the drug or narcotics act.

With regard to Mr. Hart's action, I have only contempt for a man who slanders without any reason such a fine group of men as the city of Outremont druggists. I have written to him challenging him to supply me with the names of the druggists he said had been fined. I defied him to give me even one name. He did not even reply to my letter. He knows he was deliberately lying, and that no druggists in Outremont were ever brought to court. It was only a figment of his imagination. I wish to quote again from Mr. Hart's interview:

> A spokesman for the federal Department of National Health and Welfare says it is up to Outremont magistrates to stiffen penalties against violations of the drug act if there is a "goofball" problem in the city.
>
> But H. R. Hart, chief of the inspection services of the department, said there is no "goofball" problem in Outremont.

This menial employee Hart, continuing to talk through his hat, said that Outremont magistrates must stiffen penalties for violations of the drug act. How can they stiffen penalties when the first case has yet to come before them? They have never yet had a case to judge.

I am sorry the minister is not here today, but in view of the facts I have just brought before the house I want to ask the Minister of National Health and Welfare what he intends to do about the request I made in my speech of May 20, 1958. I merely asked that the drugs used in "goofballs" be placed under the narcotics act. I also want to ask the minister what he intends to do about Mr. Hart. If the chief of the inspection services branch of the department does not know that there is a serious "goofball" problem in Canada, then God help the citizens of Canada. This is a national disgrace. This man should be replaced. I say he is asleep. If he knew there was a "goofball" problem why did Hart go over the heads of his superiors and over his minister's head to deny it? What were his motives in denying a true statement made in good faith in this house by a member? If he really did not know that a serious "goofball" problem existed, I say his utility in the job he holds has ceased. He sees nothing, does nothing and hears nothing.

I will have more to say on this subject when the estimates under which Mr. Hart's salary is paid come before the house. In the meantime I want to know what the minister intends doing about his slandering of the druggists of Outremont. Does he intend to force Mr. Hart to publicly apologize for slandering this fine group of druggists? Surely the minister cannot allow this action on the part of one of his menial employees to go unpunished. These druggists have the right to expect that the slur cast upon their reputations will be removed, and nothing less than a public retraction should suffice.

(Translation):

And now, Mr. Speaker, having said these things, I shall pass on to the budget. I would have liked to congratulate the Minister of Finance (Mr. Fleming) but, unfortunately, with such a distressed and depressed budget, with such a pitiable budget as the one he has just introduced, how could I do so? I could only tell him things that might not be too pleasant. Yet, I remember that when I was sitting on the other side of the house and the present Minister of Finance was sitting here, he used to say: "Oh! if we were in your place, what things we would do! We would cut taxes, build up surpluses, settle all problems, and Canada would enjoy an unprecedented degree of prosperity".

Mr. Martineau: Well said!

Mr. Bourque: Now, Mr. Speaker, for the fiscal year 1957-58, the Minister of Finance of the day had forecast a surplus of $152 million. The present Minister of Finance, who claimed he could offer surpluses too, and achieve all sorts of good things, has unfortunately offered the people of Canada nothing but a $39 million deficit.

During the fiscal year 1956-1957, the Liberals reduced the federal debt by $522 million through a budgetary surplus of $258 million, a non-budgetary surplus of $166 million and a reduction on cash account of $98 million, totalling $522 million.

But that is not all Mr. Speaker. The Liberals reduced the debt by $2,500 million since the end of the war. For this year the

Minister of Finance forecasts a deficit of $648 million and, at the same time, he says that he will require close to $3,400 million. He estimates his revenue at $4,660 million. Expenditures, that is to say the main and supplementary estimates, will amount to $5,237 million. If to this figure we add $70 million for the hospital insurance plan, another $55 million for the expected C.N.R. deficit, $190 million for a deficit in the old age security fund, another $100 million for civil service salary increases because a raise of 8 per cent was definitely promised, and the other supplementary estimates which will certainly amount to no less than $100 million, we reach a total of $5,752 million.

Considering an estimated revenue of $4,660 million, the actual budget deficit is $1,092 million.

That is not all, Mr. Speaker. The Minister of Finance has further claimed that public debt will increase by $1,400 million, that is $775 million against the exchange fund, plus a $648 million deficit, which gives a total of $1,423 million. I claim however that the debt will increase by $1,092 million, to which must be added $775 million from the exchange fund, which gives a total of $1,867 million.

If you consider that Mr. Frost, the premier of Ontario, has asked for $100 million, an amount of $300 million must be added to that figure—taking the equalization principle into account—which will give for this year an actual increase of $2,167 million in our debt.

From 1947 to 1957, the Liberals have reduced the debt by some $2,500 million. Well, Mr. Speaker, in spite of all the promises made by the Conservatives, in spite of all they said during the election campaign, if my figures are correct, and I have every reason to believe they are, the Minister of Finance will have increased our debt by $2,167 million in a single year.

Mr. Speaker, I read in the *Petit Journal* of last Sunday an article entitled: "Thank you just the same, Mr. Fleming!" in which the author said:

> How shall we spend those 49 cents?
> Sixteen million Canadians will save $8 million in taxes between now and the end of the year. That is about 50 cents each.

Mr. Speaker, that saving represents less than one cent a week. What a farce! Especially after we had been promised prosperity and many great things. And what are Canadians getting now? Unemployment. In fact, this very week automobile workers gathered at the door of the parliament buildings, carrying signs which read: "We do not want charity, we want work".

If we had a deficit of two or even three billion dollars but provided jobs, with prospects of returning prosperity in a not too distant future, it would not be too bad. We would just say: "We went through a depression, and we are back on our feet". But what is the Conservative party offering us today? Nothing! Just misery! That is what we will have to face next winter.

Mr. Speaker, I contend that if the Liberals were able to reduce the national debt by $2,500 million in a ten year period, it is outrageous that the Conservatives should have increased it by $2,167 million in a single year.

(Text):

Mr. Herridge: In order that we may correctly interpret the hon. member's use of words, would he mind answering a question? When he used the word "menial" did he use it in the old Anglo-Saxon sense, meaning a very vulgar fellow, or did he use it in the modern sense, meaning one of lesser status?

Mr. Bourque: One of lesser status, a fourth or fifth grade employee.

Mr. R. M. T. McDonald (Hamilton South): Mr. Speaker, last year when I rose to take part in the debate on the address in reply to the speech from the throne I was very nervous. I thought the nervousness would disappear, but apparently it is the same today. We have heard from the hon. member for Hull (Mr. Caron) in this debate, and the hon. member for Gloucester (Mr. Robichaud) gave us a booming oration, telling us that we were all mixed up. It was far different from the sincere criticism and sincere tributes which the hon. member for Carleton (Mr. Bell) paid to the Minister of Finance in his summation of the budget.

It is very difficult for a minister of finance to pump out a sinking ship after the Liberals have run it on the rocks, but I maintain that the Minister of Finance is doing a very good job; he is working very diligently—

Mr. Pickersgill: It is still sinking.

Mr. McDonald (Hamilton South): Well, if the hon. member for Bonavista-Twillingate had done a little thinking on March 1, when he received the trade and commerce economic report, which I hope he read, and had taken some action during the time the budget was

being prepared in March, 1957, perhaps the situation in Canada would not be as bad as it is today.

Mr. Pickersgill: If we had been allowed to read the one for this year we would probably know what the situation is today.

Mr. McDonald (Hamilton South): You were there too long. This is a time for spending. The Liberal party in their thinking and in their talk made reference to building up surpluses and paying off the national debt. We are a young country. Like any young businessman we must look to the future. I think the Liberal party had completely lost touch with the thinking of the people of Canada, and that is why they were turned out.

One thing that worries me very much today is the anti-Americanism we find creeping across Canada. I think the government, if given the necessary time—and I am sure we will be here for a long time—will iron out all the inconsistencies that arose between the former Liberal government and the government of the United States. Our policy is to put forward boldly that we are a completely independent country and that we must be respected in every way. I am sure that with the Minister of Finance leading delegations we will have this respect.

In reviewing the budget it is very interesting to note that this government is trying to help the municipal governments. By eliminating the sales tax on such things as culverts, goods for use in sewage systems, fire truck chassis and so on, the government has increased the revenue of the city of Hamilton to the tune of about half a million dollars. I can assure the Minister of Finance that this will help the city in the construction of many sidewalks and other services.

In the budget there are many references to tariffs. I sometimes wonder whether, when the Liberal party set up the tariff board, they wanted to have the real facts. The tariff board was asked to conduct hearings on the textile industry and I wonder whether, if a Liberal government had been in power today and had received the recommendations the present government received, the Liberals would have acted; or would they have just wasted the taxpayers' money in having these tariff matters investigated by the board. I think our proposals are within the bounds of GATT. I believe the textile industry was sorely pressed and was seeking not so much increased tariffs, but a revision of the dumping laws. In 1953, I believe, the former minister of national revenue, Mr. McCann, stated that it was a sorry affair that the Americans were allowed to dump their excess merchandise into Canada. He said that measures should be taken to correct the situation, but apparently nothing was done.

The amendment moved by the Liberals is in these words:

> This house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession in spite of the largest peacetime deficit in Canadian history and that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction.

Let us look at the unemployment picture for a moment. In his reply to the budget speech the hon. member for Kenora-Rainy River (Mr. Benidickson) suggested that in the early part of June, 1957, there were some 167,000 people out of work. I can assure the hon. member that if he will take the latter part of June he will find that there were a quarter of a million people out of work. This was much higher than in January, 1957, and it is very gratifying to see that in the last report—

Mr. Pickersgill: Would the hon. member permit a question?

Mr. McDonald (Hamilton South): Yes.

Mr. Pickersgill: He quoted some statistics about unemployment in June of last year. Could he give the source of those figures?

Mr. McDonald (Hamilton South): I am sorry I have not the source here but I recall reading a newspaper article—

Mr. Benidickson: Read the budget papers. My figures came from the budget papers.

Mr. McDonald (Hamilton South): Perhaps I am mistaken about that, but in the early part of July, 1957 there was an article in the Windsor *Star* or Winnipeg *Free Press* indicating that there were a quarter of a million people out of work at that time, and the blame was being put on the Conservative government which had only been in office for a very few weeks. I do not think it was fair comment to say that the Conservative government was responsible for this unemployment when actually in the early part of June the figure was much higher than in January, 1956.

Mr. Benidickson: That is not so. Read your budget papers and you will see that June was the low of the year.

Mr. McDonald (Hamilton South): In the early part of March, 1957, the Liberal cabinet received an economic report which said that we were coming to the end of cyclical expansion.

Mr. Pickersgill: Would the hon. gentleman mind quoting the passage in the report which says that?

Mr. McDonald (Hamilton South): I do not have the report here but I have several extracts taken from it. I am sure the hon. member has read it. I have also read it. There were some favourable comments in it, but the comments I have taken from the text with respect to this situation—

Mr. Pickersgill: A highly selective approach.

Mr. McDonald (Hamilton South): I read the whole thing and I will give hon. members their due to a certain extent. There were some favourable things, but I believe that when there are bad statements in a report it is up to the government to take action to correct them. I maintain that the Liberal government hid the facts from the Canadian people. I do not blame them for not telling them, but if they had acted at the time and taken steps to correct the situation it probably would not be as bad today.

Mr. Pickersgill: Would the hon. gentleman permit another question?

Some hon. Members: Order.

Mr. Pickersgill: Will the hon. member say whether he thinks it is right for the present government to hide the corresponding report for this year?

Mr. McDonald (Hamilton South): I am not referring to that report.

Mr. Pickersgill: Obviously not.

Mr. McDonald (Hamilton South): I have just stated to the hon. member that I do not blame the former government for not making the report public at that time, but I do blame them very much for not acting on the report of their own civil servants in the Department of Trade and Commerce. I blame them because they were told that more conflicting tendencies in construction and manufacturing had begun to emerge, and increases in unemployment in Canada since October, 1956, had been more than seasonal. They were told that some secondary manufacturing industries might encounter a period of renewed difficulty this year. They were also told that if a weakening in United States activity were to develop, and such a possibility could not be ruled out, could such a development be avoided by Canada? They were told that housing construction was expected to drop fairly markedly below the high level of the two previous years.

Did the Liberals provide any money for housing? They said that everything was fine. They said they could not afford to lower taxes and that everything was going to go along just fine. They were the boys of the boom period, and they brought about the recession and slump. They did not act after they had complete information supplied by officials of the Department of Trade and Commerce. They were told that a higher average level of those without jobs and seeking work was likely in 1957 but they did not tell us anything about that. They did not even inform the opposition of what was happening. What did they do? They put the tight money policy into effect.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. McDonald (Hamilton South): Mr. Speaker, at one o'clock when the house rose for lunch I was discussing the inadequate policy of the Liberal party with regard to the trade and economic report which was tabled in the house last January. In this report the Liberal party were told certain things and I believe they did not act upon them. Their tight money policy was not the proper thing. I believe their immigration policy was poor and, most of all, they could have put money into housing in the early part of last year but they did not do so.

It is most gratifying to see that the unemployment situation in Canada is not quite as serious as it was, with 150,000 fewer people on the unemployment rolls and 212,000 more people at work.

With regard to the trade policies of the late government, the imbalance of trade between Canada and the United States grew to astronomical proportions after 1950 until in the early part of 1957 it was $1,300 million. I believe the Conservative party is on the right track with regard to commonwealth relations. We are not ignoring the United States. We want the United States to know the facts with regard to the economic conditions of this country, and we want to secure an understanding of our problems. With the commonwealth conference in the fall I am sure we can expand our trade throughout the commonwealth and the world.

Talking about deficit spending, we have heard pro and con on this question, but it seems funny to me to hear criticism of deficit spending, when during the election campaign the Leader of the Opposition talked about tax holidays, $400 million tax cuts and so on, thus increasing our present deficit. I am not too clear on the thinking of the Liberal party with regard to this, but most of all I am not too clear on the thinking of the C.C.F. party. They would have us spend billions of dollars. The hon. member for Assiniboia (Mr. Argue), who is not in his seat at the present time, talked to the Minister of Finance (Mr. Fleming) about contradictions.

If the house will bear with me for one moment I should like to talk about the C.C.F. party and their policy with regard to financing. During the election campaign, the C.C.F. spokesman in my riding stated that if they came to power they would raise taxes. In a public debate I asked my opponent if this were so, and he said: Oh, yes, we would raise the taxes from the big corporations and the millionaires. I proceeded to ask: Is it not also the policy of the C.C.F. party to nationalize the steel mills that is: the Steel Co. of Canada, Dofasco, the Firestone Company and several other companies prominent in Hamilton? He said: That is the policy; we are going to take everything for the workingman. I fail to see how the C.C.F. party could raise the taxes of the big corporations and take them over at the same time. I think it is very inconsistent.

I went further, and asked my opponent how they were going to take over these big corporations, and he said they were going to purchase their stock. I think the hon. member for Skeena (Mr. Howard) in his alphabetical speech talked about robbing the people. In taking over this stock I think the C.C.F. would be robbing all the people of Canada, not only the millionaires but the little people who hold stock in these corporations. I asked, referring to a certain type of stock, whether they would pay $30 the market value. They said: No, we would pay the market value when the stock first came into force. So I believe their policies of nationalization and increasing taxation are very unsound and ridiculous.

In this budget I believe the Minister of Finance has done the best job possible considering what he had to put up with and what was left by the Liberal party after 22 years in power. They had the facts, and they did not act upon them. How different was the amendment which the hon. Minister without Portfolio, the hon. member for Greenwood (Mr. Macdonnell), proposed during the last 1957 budget debate when the Hon. Walter Harris was minister of finance. He moved:

> That this house regrets that the economic policy of the government fails, despite a very large surplus, to meet the needs of the Canadian people and in particular (a) does not provide adequately for old age and other pensioners; (b) does not propose a reduction in the personal income tax; (c) does not assure to the provinces a larger share of the revenues from federal-provincial fields of taxation; and (d) ignores the problems and needs of agriculture.

Mr. Speaker, this was true Conservative policy. We were putting forth views at that time which we thought were right. In the last session of Conservative administration every one of those amendments was put into effect by the Conservative party, and the people of Canada are getting benefits from them today.

In summarizing my short speech I should like to say that the Conservative party is a very progressive party. Some of the Liberals feel we are conservatives with a small "c". On the other hand they think we are the old Tories of the depression years. But we are a party of young men and we are going to try to show Canada that we have good policies; that we have bound the French and the English together without disunity, without taking the east coast from Upper Canada or Quebec from Ontario, and with this kind of thinking I believe we will have one Canada for Canadians.

Mr. Arnold Peters (Timiskaming): In rising to speak on this budget I find many things in it about which I am not too happy, and very little to give the Canadian people encouragement in the years to come.

One of the things that struck me particularly was the great play that has been made on what the situation is going to be in the coming year. We were told in the budget that our gross national product was going to rise by approximately two per cent. That, I would say, appears to be a very liberal estimate of what the situation is likely to be. At the same time, very little was made of the fact that our national population is continuing to grow by a similar amount each year by natural increase. So it would look as if our situation is going to be worse this year in the light of the gross national product in terms of the population we are going to have, and therefore the situation does not look too bright or too hopeful for the forthcoming year.

I, personally, am not in agreement with having a deficit budget unless that deficit budget is going to satisfy some particular purpose, and it would appear to me that the budget we have before us is no different from the last budget that the Liberal government introduced in March, 1957. There have been very few changes, but I think those few changes are things that the Canadian people should look at very closely. It reminds me of the fact that governments, irrespective of their political colour, are faced with certain housekeeping expenses, and with regard to these the Conservatives are going to find it very difficult to depart from the policy followed by the Liberals in the past. And, I may say, the C.C.F. party also would have to make this type of payment, and that this part of the budget—this housekeeping budget—would be the same no matter what the government was. The small percentage with regard to which the government can make a difference

because of its political views seems to be getting less and less. Certainly this budget would seem to indicate that.

I think an emphasis has been put on certain phases in that budget which would indicate some minor trends of a difference in thinking between the Conservatives and the Liberals. We notice this in the tariff proposals. I think it is surprising that a party which comes to power and which brings in its first budget after so many years should not have done some thinking about the protectionist views it held 20, 30 or 40 years ago and come up with something a little better than a patched up tariff program of this sort. The tariff structure should have been examined in the light of the new thinking that is taking place throughout the world and certainly in the light of the offer of free trade extended by the United Kingdom government, and it should have taken into consideration the fact that in Europe free trade on a united basis is the policy of many of those countries.

I think that this budget failed to take into consideration what must be the experience of many years and has reverted, in relation to this tariff structure, back to the thinking of the Conservatives many years ago. There are many things that we wished to have done, and I am quite happy that the hon. member for Hamilton South (Mr. McDonald), should have mentioned some of them. Some of the things which I think it necessary to raise and to give consideration to for the welfare of the bulk of our population were not mentioned. I refer, for instance, to family allowances. In 1945 the Conservatives were quite opposed to family allowances. But this is something to which we have become accustomed. It is something that I am quite sure the Conservative government would not wish to take away from the Canadian people. If they do not wish to take it away from the Canadian people, then they also have an obligation to bring it back to its original purchasing power, a procedure which would give us now family allowances of approximately twice what we are receiving. This would not be any increase, I might suggest, but it would be rather in keeping with the cost of living.

I think that raises another problem that we should face up to. We are now enjoying the highest costs—and most of us are not liking it—that we have ever had in the consumer field. Everything we buy is double, triple and sometimes much higher than that. At the same time we in Canada are faced with a recession. Although the government may not feel that this recession is important or should be given any particular consideration in this first budget of this parliament, I think it certainly deserves some consideration, and that a great deal must be done to eliminate that problem. It is true that those who are employed are finding that their wages are up as compared to what they were ten years ago but they are also finding at the same time that those wages do not buy in produce as much as they bought ten years ago. Hence we must face this inflationary problem if we are going to look after the people in Canada. In order to do that I suggest that raising family allowances is a way of getting into the people's pockets money that they would not otherwise normally have.

This also is true with respect to old age security. It is quite true—and I do not think there is a member of this house who will disagree—that the main reason the Conservative government was elected in June, 1957 was the fact that they offered the old age pensioners of this country an increase in the old age pension. But I do not think that they were even honest with themselves when they raised that pension by $9. They had promised more than this and they had not made it pie in the sky. I note that the hon. member shakes his head. It is quite true that they may not have been definite because they seldom if ever are definite about anything; but you must tie it to something. You cannot go to the voters and say, "We will give you an increase" without being able to justify it in some way. The only logical justification for the increase, when our revenues are not as high as we should like to see them, is on the basis of maintaining purchasing power which we wish to maintain. I think this matter must be given some consideration in the near future.

We were pleased that an investigation should be set up to examine the whole structure of old age security. I think we all realize that while we can make promises at election time, we are finally going to have to implement them; and that procedure costs money. I am told that we are now going in the red quite rapidly on our old age security program. But why the investigation in the United States? I do not credit Canadian governments over the years with having been so unaware of the situation and so unaware of the lack of a formula on which to base their old age pension system that they did not look at other pension schemes throughout the world, not only that in the United States but those in other countries. I am quite sure that the officials in the minister's department could tell the minister exactly what the program is in the United States and how it could be applied in Canada, and that we did not need to stall for a year or so while we made a phony investigation into something we already knew.

The C.C.F. believes in and would implement the $75 old age pension. We also agree that it cannot be raised in the manner in which we have raised pensions in the past. We propose to the Canadian people to provide two types of old age security, one that is a basic old age security similar to the one that we enjoy but at a reasonable rate in line with the cost of living; and second, we propose that there be a contributary old age pension or national pension or superannuation plan or whatever you might wish to call it, and that this plan be of a nature that the employee be compelled to contribute out of his wages, that the employer also be compelled to pay a like amount out of his fund and that the federal government maintain and operate this plan in a manner similar to that in which the unemployment insurance system that we enjoy today is handled. That would mean that when an employee quits one job he could go to another job and carry his pension fund with him, that he would establish this pension plan from the day he began to work, that he would have an equity in the plan and that he would be able to carry it from job to job, industry to industry or province to province and that at the end of his lifetime of work he would be able to retire on a plan to which he had helped to contribute.

The first step I would suggest in this proposed plan would be to eliminate this $60 limit that we have put on people that are well able to afford a higher payment. We say that all people, even those who have not been employed like your wife and mine—we do not consider them to have actually been employed—should be able to enjoy the basic pension of $75, and we hope they will be able to do so; and we think that one of the steps that must be taken into consideration and should have been taken into consideration in this budget is that of allowing the tax to rise as the income of the people rises. If there is any truth in the statement that the wealth of this country is rising and that the people themselves are sharing in it, then even the $60 a month that was put on a number of years ago would not be realistic if we used the same formula from which the original amount of money was raised.

We have heard what was said by the hon. member for Hamilton South, and I am quite pleased that he raised this matter. He stated that the C.C.F. had said that they would increase taxation. That is quite true. We would increase certain forms of taxation. What he said with regard to corporation stock or corporations is not true. The C.C.F. at no time have had any desire to nationalize industries just for the sake of nationalization.

Some hon. Members: Oh, oh.

Mr. McDonald (Hamilton South): I rise on a point of order, Mr. Speaker. As a matter of fact, I am not sure whether it is a point of order or a question of privilege. I was referring to C.C.F. policy in my riding. I was pointing out the direct views of the C.C.F. candidate who opposed me and what he said on a public platform as reported in the press.

Mr. Speaker: Perhaps what the hon. member wants to do is correct a statement that is being made by the hon. member who has the floor.

Mr. McDonald (Hamilton South): Yes.

Mr. Speaker: If that is so, I suggest that he leave the matter until the hon. member who has the floor is finished. Then he will have an opportunity to make any necessary corrections.

Mr. Peters: I am pleased to have received that correction, Mr. Speaker. I was under the impression that this was supposed to be the policy of the C.C.F. If it has not been stated in this particular case, it has been stated in other places in a manner similar to that employed by the hon. member who preceded me. I should like to use one example. In recent months we have seen a particular case in which the federal government is involved namely the matter of Trans-Canada Pipe Lines.

We have seen very large profits made and we do not want to say whether or not those are right although legally we have allowed them to make these huge profits on very low investments. Some companies make an investment of a few hundred dollars and realize a capital gain of $1 million. Certainly we should tax that capital gain. Can any hon. member name any country in the world that does not have a capital gains tax? If the same companies who are spending money in Canada were to spend it in investing in pipe lines in the United States they would have to pay a capital gains tax of 25 per cent. There is no point in giving these people unrestricted profits without requiring something in return. We should remember that they are exploiting the natural resources of Canada. Is there any better way of imposing a tax that will provide the people of Canada with some protection through the means of old age security and other social welfare measures? This could be done by imposing a capital gains tax on those companies that risk very little and make a great profit through exploiting our natural resources.

We were unhappy to observe that the budget did not indicate that there would be a personal income tax exemption of $1,500 for

single persons and $3,000 for married persons. It would appear to me that if the minister—

Mr. Speaker: Order. I call to the hon. member's attention the fact that the house voted on that issue last night and negatived it, and it would be out of order to raise the matter again.

Mr. Peters: Thank you, Mr. Speaker. I wish now to approach the subject of pipe lines in a different way. As hon. members appreciate, the government made money available for part of the pipe line in the budget. We have received many complaints over the months concerning the Northern Ontario portion of the pipe line. I hold in my hand a letter which I received just the other day which points out better than I could some of the problems the people in that area are facing, and I should like to read a brief excerpt from the letter. Its author states:

> Furthermore, the company—

That is, a contractor of the Northern Ontario Pipe Line Crown Corporation—

> —has developed a sort of disdain and hatred against our men because they are French-speaking. "The least of them, the better!" is the motto of the said company; this is why our men keep on going every morning to the office and there is no work for them, but the company hires strangers, even from Texas, ignoring the local starving families.

I might point out that the lumber and pulp and paper industry in this area west of Hearst has almost disappeared. Where there were 7,000 or 8,000 workers in the bush last year there are now less than 2,000. These people wish to work on the pipe line in order to support themselves and their families although it is not necessarily the type of work for which they have been trained. Nevertheless they are willing to accept labourers' rates of $1.25 an hour, but they are being refused the opportunity of working on the line. The letter goes on to describe some of the other events that are taking place:

> —since the TCP—

The Trans-Canada Pipeline Company—

> —compels the men to work Sundays, in spite of all civil and divine laws, claiming that it must make up for time lost during January and February.

While one can appreciate the company's desire to compensate for lost time, I frankly do not think it is a justifiable excuse for having the employees work overtime. I cannot believe that the line will continue to be constructed in northern Ontario during the winter months because there can be anywhere from four to six feet of frost in the ground. There can be no justification for compelling the employees to work on Sunday when it is not a continuous operation. If it were an around the clock operation there would perhaps be some slight justification for this and the employees could be given their day of rest on another day during the week. There is no reason for having the employees work between 70 and 80 hours a week. Two people could work a 40-hour week on the job and it would be accomplished just as quickly.

With respect to the pipe line, the government has failed to take any action in line with the statements it made prior to the election, on which it was returned to this house. Previous to the election members of that party spoke about nationalization of pipe lines. Not only hon. members of the C.C.F. but the leader of the Conservative party agreed that nationalization would probably be a good thing. I believe the government should seriously take into consideration nationalizing our pipe lines.

I noticed an article in the *Globe and Mail* of yesterday which reported that the question of nationalization of the trans-Canada pipe line was discussed at a convention of municipalities meeting in Toronto. They agreed that the federal government should be approached and asked to take some action in the nationalization of the pipe line and only two dissenting votes were cast. There are many abuses prevalent on the pipe line which I do not think the Canadian people can afford to tolerate.

At this point I wish to thank the minister for the assistance he provided to the gold miners in my area and on behalf of all gold mining communities in Canada I tender him my appreciation. Having sat in during the presentation of several briefs by the gold mining industry to the federal government I can safely state that those in the industry will appreciate this increased assistance. However, they know and I am sure the minister knows that assistance of this kind is not the solution to the problem. Emergency gold mining assistance is being paid to only a small part of the industry and other parts of the industry struggle along without any aid because their costs of production are not as high as some of the other more marginal mines. The government has not offered a permanent solution to the problem confronting the industry and therefore it has an obligation to the industry. I would suggest that the government remove the word "emergency" from the Emergency Gold Mining Assistance Act when it is next brought into the house for renewal or revision. There is no longer a need for the word "emergency"

to be there because this appears to be a continuous problem which requires a permanent solution.

I believe the government should investigate the matter of storing gold, which could very well be referred to the banking and commerce committee. Let us put a Fort Knox in Canada. Let us buy the gold and back the currency of our own money. If the United States can afford it at $35 it should be worth $35 and more to us. We could set our price for gold. Other countries have had to do that. I am sure we will find some satisfactory method of utilizing gold other than selling it to the United States, which pays only $35 for our gold. If we feel that the gold mining industry should be saved let us find a permanent solution to the problems it faces instead of dealing with the industry on a day to day, year to year basis.

I want to advise the minister that we in the mining communities of Canada are going to be watching very carefully to make sure that a fair proportion of the 25 per cent or $2½ million is returned to the pockets of the workers and through them to the communities that are entirely dependent on that industry. I do not believe the Canadian people have any interest whatever in financing the dividends that are being paid to shareholders in these corporations.

If some of the members on the Conservative benches feel that statement is unfair because they are thinking of some of the dividends from some of these corporations about which they have been speaking, they should take a look at some of these mining companies who are paying out sums as large as $16 million in voluntary dividends when there was an original capital investment of only a quarter of a million dollars. I do not think we have to waste too much sympathy on the gold mines or their operators but we should have a great deal of sympathy and we must be very concerned about those miners who are working for very low wages and who are completely dependent on that industry for their very existence. This is a serious situation throughout northern Ontario and many other parts of Canada. This part of the country must be developed and I therefore hope that every consideration will be given to the people who live in those communities I have mentioned and who, as I say, depend on the mines for their livelihood.

There are a number of other problems in northern Ontario which have not been met by this budget, in fact I can think of very few which have been met by it. However, I am hopeful that some of them will eventually be taken care of. One such problem is with respect to agriculture. Every day people leave the farms of this nation and I particularly have in mind northern Ontario where you can drive through the country and see signs on the corner posts along the side roads "auction sale, such and such a date" and then there is a list of the farm equipment for sale at the various farms. Agriculture is one of our greatest assets in Canada. The agricultural industry is both staple and basic, an economy which we can improve and expand with very little effort and which can be made more equitable with the economies in other parts of our country and, indeed, with the agricultural economy of other countries. I say this because, as is well known, there are hungry people throughout the world and there is a common need for food. We have the means and the ability to bring about great production in that field. I think some consideration should be given to increasing our ability to sell our products and to increasing the value of those products.

This appears to be the day to talk about Conservative candidates during election time and so I will make reference to the Conservative candidate in my own area who made speeches before and since the last election asking for assistance in respect of beef production in my area. He is quite right. Beef cattle can be raised in northern Ontario better than it can be raised in any other part of Canada. Our climate is very similar to that of western Ontario and with our clay land our produce can equal if not improve upon the produce of any other sections of the country. Mention was made recently by one hon. member of the grain in his area which he said was the top quality. We in northern Ontario have done better than he has to the extent of 30 bushels per day. We need assistance, however, and we would recommend the setting up of government gradings, particularly with respect to cattle so that we may stamp our beef No. 1 quality. Assistance should be given to our farmers in connection with improved breeding of our livestock generally so that our beef production may be increased and made more readily available to Canadian markets.

One suggestion I would like to make is that the government could render assistance in this respect by making provision for a slaughter house in my area and I understand that there are in existence certain acts which would make such assistance possible. We would then be able to eliminate some of this dependence upon gold mines and would be able to branch out into secondary industries. This would serve a double purpose in that the federal government would be relieved of some of its responsibilities in

respect of subsidies now being paid to the mines. These subsidies have constituted a very difficult problem and it has been very difficult to dispose of them.

We will be watching the situation with respect to how this budget is going to be applied for the assistance of those people who came to Ottawa the other day stating that all they asked for was the right to work. It is true that all these people want is a job. It cannot be said that they are lazy or do not want to work. They live in towns such as Windsor where jobs have not been available for a long time, where unemployment benefits have for many months been exhausted and where seasonal benefits no longer apply. We will watch this situation very closely.

This brings us to another matter. The Prime Minister (Mr. Diefenbaker) stood up in the house the other day and very graciously suggested that parliament should sit at 4.30 on July 1 instead of at 2.30. I have been concerned with labour problems for quite a few years and July 1 is one of those holidays which we have had very little difficulty in getting employers to endorse as a national holiday. It is true that with respect to some of the other holidays management has argued that they are not of a national character but this national holiday has been the only one universally observed. This day commemorates the creation of the Dominion of Canada and yet we are asking the representatives of the people of Canada to sit in this house on that day rather than enjoy the holiday celebrations.

Mr. Speaker: I hope the hon. member does not intend to pursue that matter because he will have a chance to do so when the motion is called. It is on the order paper. I do not wish to unduly restrict him but that is the situation.

Mr. Peters: I do hope something can be done but I was not aware this matter was to be debated. I will have something further to say when the motion is called. We in the C.C.F. are very perplexed—

Some hon. Members: Hear, hear.

Mr. Peters: Yes we are because we think and some other people do not. We are perplexed because we have waited for this budget to be introduced and we know that it is a budget which many many people have also been anxiously awaiting. Many Canadians have been saying how wonderful it was going to be when the people of this country would receive the first Conservative budget which would eliminate many of their problems. They have now received it but I fail to see any difference between this budget and one the former minister of finance would have introduced had he still been in office. I think these sentiments might be echoed by many of his predecessors. As one of the hon. members of this house has said this was a truly blue budget introduced by a minister of finance wearing a blue carnation and a blue suit. I notice that he has worn that blue suit since budget day but I think from now on the people of Canada, by the time he has finished with them, will be the ones who are wearing the blue suits.

(Translation):

Mr. Emilien Morissette (Rimouski): Mr. Speaker, in speaking here for the first time as member for Rimouski, I should like to recall the memory of some of the most prominent figures of Canadian political history who have attached their names to my constituency.

After the principle of responsible government had been accepted, Robert Baldwin became attorney general of Upper Canada and, in accordance with the practices of the time, had to be re-elected but, unfortunately, went down to defeat in his Ontario riding of Hastings. Lafontaine, then member for York, asked the member for Rimouski, one Borne, to resign and, in early 1843, Baldwin was elected by acclamation as member for Rimouski and remained so until the general election of 1844. A few years later, in 1847, Joseph-Charles Tache, was elected member for Rimouski. He represented that riding until 1857.

Mr. Speaker, may I remind hon. members that Joseph-Charles Tache was the founder of the *Courrier du Canada* and was at one time deputy minister of agriculture, in Ottawa. By articles in his paper and by means of a pamphlet entitled *Provinces de l'Union Fédérale* (Provinces of the Federal Union) published in 1858, Tache was one of the main promoters and propagandists of the confederation idea.

Finally, in 1878, Sir Hector Langevin, one of the fathers of confederation—who, after the death of Sir Georges Etienne Cartier, was the principal collaborator of Sir John A. Macdonald, and who was also the brother of the first bishop of Rimouski—tried to get elected in my riding, but unfortunately failed.

Such illustrious precedents, Mr. Speaker, may well fill a young member of parliament with noble ideals, but also with a great deal of humility. I want to say, without boasting, that I have no other ambition than to modestly follow in the steps of these great men.

I congratulate the Minister of Finance (Mr. Fleming) for presenting us with a very lucid and detailed study of the problem of Canadian finance and of the general economic situation of our country. I congratulate him specially, as I do the government, for developing and deciding to apply an economic and financial policy which, in the present situation, appears to me to be very appropriate.

I congratulate the official financial critic of the opposition, the hon. member for Kenora-Rainy River (Mr. Benidickson). For all the incoherence of his theories and the built in contradictions of his system, which were very forcibly denounced by the hon. member for Carleton (Mr. Bell), I was deeply interested in his speech.

I was surprised to find that our Liberal colleagues base all their disparagement of the budget on the fact that this year the government will have a deficit of about $650 million, when the very A B C of economics say that, in periods of recession, government expenditures should be maintained at a very high level. And while lashing into the announced deficit, Liberal members found it possible to lecture the government for its failure to cut down taxes even more. They inveigled against the budget deficit but asked the government to introduce all sorts of measures that would mean a further drain on government funds. This lack of logic in criticism on the part of our opponents bespeaks either bad faith or incompetence.

By expounding contradictory, self-demolishing theories, Liberal members are showing to the whole country that they have been unable to conceive a genuine and realistic economic policy.

Already, on previous occasions, the Prime Minister has described to the house the fiscal policy devised by the government to ensure economic recovery, and he has clearly defined the three ways in which the Conservative government plans to fight unemployment.

On Friday June 6 the Prime Minister made a statement in this house which can be found on page 899 of *Hansard* for that day:

> According to economists there are several means that should be adopted. One is to provide additional consumer monetary assistance in order that the consumer may be able, by the expansion of his income, to make purchases, thereby improving the general situation. The second is by a public works program. The third is by action in the reduction of taxes. All three courses of action have been followed. In no case has any one of these three legs of the tripod, as it were, for recovery been followed in its entirety. Each complements the other. None of the three by itself is recognized by economists as sufficient to meet the situation.

That is what the Conservative government has done. Its first move was to reduce taxes.

Since the election of June 10, 1957, the government has reduced taxation by a total sum of about $200 million. It has helped keep purchasing power at a high level by improving all forms of social security legislation. It raised the old age pension and allowances to the disabled and the blind. Its new fiscal concessions to provincial governments have allowed the Quebec legislative assembly, for instance, to increase in turn its allowances to needy mothers. It enacted repeated and numerous extensions to unemployment insurance legislation, in respect of seasonal benefits. Finally, to complete these two first steps, the government has set into motion a vast public works program.

Within the present day economic context, this federal government policy has proved both appropriate and timely. The economic situation is already improving, and we can infer from a number of factors that Canada's economic activity is again on the upgrade.

Consumer demand is growing at a satisfactory and steady rate. The employment index is rising.

According to the national employment service, in May 1958 the national labour force was 6,031,000, as against 5,881,000 in May 1957. That is an increase of 150,000 over last year. Prospects for the home building industry were never so good. This is a direct consequence of the government's generous and bold policy in this matter.

As the Minister of Finance pointed out in his budget speech, in the first four months of the present year the number of building starts were 80 per cent greater than for the same period in 1957. Many facts point to the growing stability and buoyancy of Canadian economy. Home building activity recently went up 15 per cent over last January. I have already noted that with regard to the corresponding period of last year, that increase is of the order of 80 per cent.

The price of the industrial securities registered in the stock market, I mean common shares, are two to three per cent higher than at the beginning of the year. Commercial and industrial construction was more active in March and April. The weekly averages of hours of work in manufactures show new

firmness as do wholesale prices in the field of industrial production. Finally, our exports, one of the decisive factors of our national prosperity, have risen in March and April.

According to the Federal Bureau of Statistics, the total volume of our exports represented, in March 1957, the sum of $361 million; in March 1958, the corresponding figure was $369 million. In April 1957, the figure was $365 million and, in April 1958, it had reached $371 million.

It is easy to forecast that, as the economic activity improves in other countries, especially in the United States, Canada's export position should improve further.

It is reassuring to think that the recession itself has been much less serious in Canada than in the United States. It is fair and reasonable to believe that the sole reason why the economic situation deteriorated much less in Canada than in the United States has been the wisdom of the financial and economic policy of the Conservative government.

In March 1958, the retail trade in the United States was 5.6 per cent below its level of July 1957. In Canada, the volume of retail sales has increased by 12 per cent from July 1957 to March 1958 and this trend seems to continue.

Industrial production went down 10 per cent in the United States from July 1957 to March 1958. In Canada, the difference is but 3.3 per cent.

New construction projects in the United States are just about beginning to reach the level of last year, while in Canada a very strong rising tendency has contributed to strengthen our economy substantially.

Instead of protesting vehemently, and of describing as outrageous the deficit forecast by the Minister of Finance, Liberals should remember that, before the June 1957 election, they failed to take the energetic measures which could have then warded off the recession. When the first symptom of an economic slowdown became apparent, the Liberals kept finding delight in a stupid inflationary intoxication. Not until a Conservative government took power were adequate and appropriate measures taken to deal efficiently with a disturbing slackening of economic activity.

Mr. Speaker, it is indeed strange to hear Liberals rejecting today, as a matter of political expediency, the economic creed they had professed at one time.

[Mr. Morissette.]

Even since John Maynard Keynes wrote his very famous "General theory of employment, interest and money", in 1935, the Liberals have claimed to be die-hard "Keynesians". It can be said, Mr. Speaker, that certain economists, great advisers of the Liberal party, have never been ashamed to confess candidly that they had been fanaticized and bewitched by the great English economist. They have always claimed to be the champions of a cyclical tax policy. But when, in 1958, a Conservative government introduces a budget which, precisely, has due regard for all that is best in contemporary economic thinking, the Liberals heap abuse upon it. I say, Mr. Speaker that this attitude enlightens us on the score of their inconsistency or lack of sincerity.

If the Liberals were sincere and if they wanted to be consistent, they would congratulate the Minister of Finance and the Conservative government for having the courage to accept all the liabilities of a deficit budget at a time when everyone knows that it is the best and perhaps the only way to cope efficiently with the recession and to establish in Canada a full employment economy.

In concluding, Mr. Speaker, I wish to deal briefly with a few matters concerning my constituency.

First of all, I take pleasure in thanking the government, since the hon. Minister of Public Works (Mr. Green) announced on June 6, when we were discussing the estimates of his department, that he intends to spend a sum of approximately three million dollars for the construction of a winter harbour at Father's Point. I am happy at the thought that work will start this very year. This year-round boat service linking the area with the north shore will alleviate the present isolation on that shore and help reduce the great cost due to seasonal ups and downs in our economy. When we think, Mr. Speaker, that, all along the 700 miles from the mouth of the Saguenay to the Atlantic, the people and industry on the north shore rely only on navigation for their supplies and the shipping of all kinds of products, we can easily grasp how much this project will help develop the area and promote the welfare of local residents.

Following the example of my friend, the hon. member for Gaspe (Mr. English) I also would emphasize the necessity of extending the railway from Matane to Ste. Anne des

Monts. The Gaspe peninsula needs this link between its raw materials and the markets. An extension such as this would do much to increase prosperity along the lower St. Lawrence and in Gaspe peninsula.

Finally, Mr. Speaker, I should like to draw the government's attention, and especially that of the Minister of Transport (Mr. Hees) to a problem of acute import to my constituency at the moment: that of air navigation. My constituency has two airports: one at Rimouski and the other at Mont Joli. The one at Mont Joli was built during World War II and involved the investment of about $20 million, but, unfortunately, is practically out of use today. In the last few years, under the Liberal administration, no active step was taken to bring it back to its former status. By their geographical location, facing the north shore—now in full-geared activity, as a result of the development and operation of the iron ore deposits in the Quebec-Labrador area—the airports of Rimouski and Mont Joli occupy a strategical position.

I ask the government to consider whether it would be possible, by improving and modernizing those airports, to stimulate air transportation in my area. At any rate, it is absolutely necessary from the economic point of view in the area of the lower St. Lawrence and of the constituency of Rimouski that strong steps be taken in order that our airports may obtain part of the air traffic which the development of the Ungava and new Quebec has created and will continue to create.

In closing, Mr. Speaker, I would also like to say to the voters of the constituency of Rimouski how grateful I am to them for the eloquent tribute of confidence they gave me on March 31 by electing me to represent them in the parliament of our nation, with the greatest majority—barring a single exception—ever granted a member for Rimouski. My only ambition is to serve humbly in the defence and promotion of the rightful interests of my electors. I believe that by working for the prosperity of our own particular home constituency, we are all working here for the prosperity of this great homeland of ours, our beloved country, Canada.

The hon. member for Laurier (Mr. Chevrier) had words of regret, the other day, for the position of Quebec Conservatives. My hon. friend is at present a victim of a frustration complex. I am pleased to say to him that we, Conservative members from the province of Quebec, feel quite at home in the party of Macdonald and Cartier, in the party of the right hon. Prime Minister of this country. We know that, within it, we can work freely and usefully for the greater good of Canada.

(Text):

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I would be very remiss indeed if I did not offer my congratulations to my old and good friend from Hamilton South (Mr. McDonald) for the speech he delivered a while ago. I am not so politically bigoted that I cannot praise at times a man with whom I find myself in opposition. I have always felt that the hon. member for Hamilton South, and I say this without any fear of contradiction whatsoever, was one of the greatest footballers Canada ever developed. He not only brought a great deal of honour to himself, his family and the city of Hamilton but also to the big four football organization. I must confess that many times I sat with the other fans in Hamilton and cheered him lustily for his good playing, little realizing at that time that I was cheering a Tory.

Mr. Pickersgill: He probably was not a Tory then.

Mr. Houck: I must say that he brought honour to himself and was a perfect gentleman on the football field as he is in the House of Commons.

For a few minutes I should like to deal with something not particularly connected with the budget but first of all may I congratulate the previous speakers who over the course of the last five or six days have argued the pros and cons of the budget. At this time I should like to discuss some of the problems with regard to what I consider is a very troublesome, perplexing and not well understood tax, the income tax. I was quite impressed on reading a statement of Mr. W. M. F. Petry, a noted archaeologist who made a study of the rise and fall of nations and civilizations which gave him unusual insight into the outcome of man's experiments with government. He made the statement that democracies consume themselves through excessive and unjust taxation until they collapse and are succeeded by men on horseback or the rank growth of the jungle.

Representative William Cockran of New York years ago warned that democratic institutions must perish from the face of the earth if they cannot protect the fruits of

human industry wherever they are or in whatever proportion they may be held by the citizens.

I think we have failed fully to realize that through our tax system we have been playing right into the hands of the Marxists who gleefully hail the income tax as the one sure instrument that will bring capitalism to its knees. We also have failed utterly to see that communism is not a political philosophy or plan but rather is a state of impotence to which those marked for subjugation by would-be dictators must be, and are, reduced in order to assure absence of effective resistance. But there are other reasons for taking a dim view of our tax system, particularly the income tax, that are no less urgent than the fact that the system has become an ideological bombshell.

I could mention people in many categories whose skill and talents have placed them in the higher brackets, yet the taxes that they have to pay are certainly brutal. I think the professional athlete fares about as badly as anyone. If one is fortunate enough to break through to the top he usually does well income-wise, but the way up is pitifully unrewarding, so much so that those who make the grade more often than not mount the throne of glory head over heels in debt and their reign usually is short. These are the people with whom the tax collecter forms a real heads I win tails you lose partnership. Even the people with a regular earning power are by no means the only sufferers from our income tax laws. Almost everybody now has been gathered under the tent and the percentage of those taxed leaves few immune to plucking who have enough feathers to notice.

It is my belief that one of the strongest and most serious counts in the indictment against the income tax is its complexity. It certainly started out simple enough, but I do not think it is an exaggeration to say that it has become as frustrating, confusing and bewildering a fiscal problem as the Canadian people ever had to cope with. I certainly give the department credit for trying everything they could think of to make this tax understandable, and it is my belief they have made some progress. Relatively few people can handle even the short form or T1 general tax return without assistance. Naturally, the forms have to follow the law. They cannot be made any simpler than the law, and anyone who cannot understand the law cannot very well be expected to understand the form. It certainly is an unhappy truth that it seems to be impossible to have simplicity and fairness at the same time.

[Mr. Houck.]

Most of the complexity in the present law came from efforts to plug the so-called loopholes and remove discrimination. Let no one assume that the income tax law is any better understood in official circles than it is by its lay victims. This honourable house is not made up of supermen or superwomen. It is simply a collection of human beings like everybody else and I hope no one will think that I wish to make any attack on these people, but to be perfectly frank I must suggest that just as no one has to understand what dynamite is made up of to know that it can blow a person to kingdom come, so no member or parliament or senator has to know how to determine the tax consequence of intricate corporate reorganizations to have found out by now that the income tax is hopelessly complicated and a Trojan horse.

May I ask this question? Who, if anybody, does really understand this tax? How about the people who write it? The answer is not greatly different. By the time the tax branch and their staffs get through with the grist that is delivered to their mills, many undecipherable changes have been wrought. The problem then presented is well illustrated by the struggle the experts in the treasury department have been having with the job of getting out regulations to cover the code. It isn't that the people in the treasury department and the national revenue service have not been trying to get these regulations to be clearly understood; quite the contrary, I think they have been knocking themselves out at it. But it has been extremely difficult for them to reach agreement as to just what the government means at many points and equally difficult to agree on how to express the intentions of the government after they have agreed upon what the intentions were.

Honest and efficient administration of public affairs cannot be achieved by invasion of the prerogatives and assumption of the responsibilities of executive officials by legislative bodies, committees, individuals or committee staffs. I have never believed that enduring honesty or efficiency can be achieved by legislation. Honest and official public administration can be achieved only by honest and efficient administrators, honestly appointed and free to act only in the interest of the people.

Another count in the indictment against the income tax, and a very serious one, is the cost of it. There are two categories of this cost: (1) what the government spends to administer the law; and (2) what the taxpayer pays to comply with it. In identifying the first category, the cost, I did not speak of it as a cost which the government pays. The government does not pay any part of

this cost. The taxpayers pay every cent of it, the cost of administration as well as the cost of compliance. The government never pays anything. It spends, and the taxpayer pays. I am not suggesting that the revenue service is wasteful or inefficient, because I know better. What I am suggesting is that the complexity of the income tax law necessitates the use of a lot more people in our nation's revenue department than would be necessary under a simple and better understood revenue system, and that therefore the cost of administration is a great deal more than it ought to be. We continually hear complaints from the revenue department, and I think it is the irony of the present situation, that they do not have enough on the staff to assure adequate enforcement. Sometimes I think we have more fear that the taxpayer would react adversely to close enforcement of the law than concern about the revenue that would be lost by inadequate enforcement. I have never felt that people resent full enforcement of tax laws. They do resent inadequate enforcement because they well know that a lot of people do not pay what they should when enforcement is inadequate.

Many taxpayers have complained bitterly to me about this situation, and sometimes I think the gentlemen who are acting in the tax department assume the role, and improperly, so, that because of the fact they are like an officer whose coat is filled with brass buttons, they assume too much authority and demand too much of the taxpayer. I have a case in point in my own riding where the tax men went to a doctor's home and demanded to see not only his will but his wife's will, and they broke the seal upon both of these wills, and kept this doctor's books for a year-and-a-half without returning them. This sort of action breeds a feeling of ill-will against any government.

Many taxpayers have complained bitterly to me, and I am sure to many members of this honourable house about this sort of situation and I must admit I cannot honestly disagree with them. All I could do, like any other member, was to try to explain the problem in my meagre way and beg their indulgence. No one ever refused to listen to me, but none of them were happy about it and I do not blame them.

If a satisfactory substitute for the income tax cannot be found, the only answer to the first complaint is more revenue agents of top grade, but I must be frank in saying that I doubt if this government or any other government would permit the service to have all the agents it needs. I think some of the members of this house must fear what many knowing outsiders firmly believe, namely that if this House of Commons allowed the revenue service to have enough money for all-out enforcement of the income tax the demand for repeal would become so great within a year that it would be irresistable.

Another count in the indictment is that the income tax is unstable, being based upon income. It is a low producer in slack times and the high producer when times are good. Thus, theoretically, rates must be raised when people are least able to pay, and may be lowered when everybody is most able to pay.

The man-made deficiencies of the income tax laws are to a large extent the consequences of submission to the demands of pressure groups. For instance tremendous accumulations of income producing wealth have been removed from the jurisdiction of the income tax law by the exemptions granted to foundations and certain other nonprofit organizations about which I am not complaining. I think these exemptions are perfectly justified, are right and should be continued. What I object to is the fact that billions of dollars of potential income also are kept out of reach of the tax collector by government's engagement in business activities that compete with private enterprise.

Too much has been done deliberately to keep taxable income from keeping pace with economical development and growth, thus precluding realization of the full potentialities of the income tax as a revenue producer and making it more and more unequal to its job.

With the income tax having proven to be an unstable source of revenue I think the government has availed itself of a variety of other taxes. Some, if not many, of these taxes could be dispensed with if the primary tax were a stable one and could be permitted to produce fully and freely.

Naturally hon. members are going to ask themselves the question: What can be done about all this? I suggest to hon. members of this house that the time has come to take a new and critical look at our whole tax system. After all, some elements of the present tax system seem to be as old as our dominion itself.

Naturally age alone is not a sufficient reason to condemn any particular tax or any part of our tax system, but to me there is a lot more wrong with the income tax besides its age. Naturally, you are going to ask me—and rightly, what I would suggest to remedy this serious situation. My proposal would be a simple one. It is that this house appoint a commission-type group to make a really critical analysis of the income tax in particular and other tax systems in general and to study such reasonable proposals as

may be made with regard to both. I think such a study is long overdue. We have failed in the past but there does not seem to be much of a search for anything better and this search could be conducted on a continuing basis. Research pays off handsomely for business as to matters far less important to it than the government's tax system. It is time the government got some research started in this important field. Such a commission as I have in mind should be a non-partisan one and all the responsibility for it and its findings should be assumed by this House of Commons. Moreover, it should not be put under the handicap of a deadline. It should have time to do a thorough job and not be restricted in any way in its enquiry.

Then again I know that hon. members will ask me the question, "Well, what if we get rid of the income tax what would you put in its place?" That is a fair question but to me that is not the immediate problem. The necessity for a commission to go into the whole problem of taxation thoroughly would be lost in an argument whether or not mine or your suggestions would be feasible. Those who have vested interest in maintaining the status quo would see to that. There are many such people and I must admit some of them have tremendous political power. For the time being I must content myself by saying that I believe that a law or system can be contrived that would be simple enough for the average taxpayer to understand. Such a system might be relatively inexpensive for the government to administer and the taxpayer to comply with and at the same time be a stable source of revenue. Certainly such results have been worked out in many cases in very important categories of business enterprise. I believe that the same can be worked out for business generally and for individuals as well.

I say to the hon. members of this house that there is not any time to lose. Whether you believe it or not, everybody is being overtaxed, the middle class is being taxed out of existence and the nation thereby is being robbed of its surest guarantee of continued sound economical development and growth and its staunchest bulwark against the rise of socialism. The marvels of television brought the truth home to us with indelible clarity. Certainly the big surprise to me and others as well has been how little we have left after the "gimme" man has taken his cut.

Too many people today do not have enough money left in their business after taxes are paid to keep them abreast of the demands of their customers and since even more is extracted from us as individuals we just do not seem to accumulate anything and are not able to increase our investment in our businesses, or in our country's growth. I repeat and with emphasis indeed that things are mighty serious largely because of the tax system and the income tax. Big business gets bigger and little business and substantial middle class folks are beginning to disappear. We were concerned about the future because we did not believe we could stand another serious recession. High rates of tax certainly could not mean anything when we have not anything to tax.

May I say again that time's a-wasting and the enemies of the way of life that we cherish so greatly rejoice as we are led closer and closer to national suicide. So I leave this question to hon. members of the house: What are we going to do about it? Let us do something about it before it is too late.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, in taking part in this debate I first want to congratulate the Speaker, yourself and the chairman of committees. This is my first opportunity to do so since you three have taken office. I want to say that in the discharge of your duties you are doing a wonderful job, to the honour of this chamber and yourselves, in maintaining the traditions and the dignity of parliament.

Next I want to congratulate the Prime Minister (Mr. Diefenbaker)—and this also is my first opportunity to do that—on the wonderful majority he has brought into this house for the benefit of Canada through the Conservative party. He has carried on and won two campaigns within a year. Some hon. members say: "Oh, he had good candidates". It is true that he had good candidates; but I want to say that it is much easier to get good candidates under the leadership of John Diefenbaker. He talked the same talk and the same politics in Vancouver and Newfoundland and Ontario as he did in Quebec.

Mr. Pickersgill: Is that not rather a reflection on your previous leader?

Mr. Hodgson: It is quite a change from the tactics of the former government because they have talked of "divide and rule" for the last twenty years in every election.

Mr. Pickersgill: That is rather a reflection on your previous leader.

Mr. Hodgson: I am making a reflection on you fellows, I hope.

An hon. Member: Keep it clean.

Mr. Hodgson: Anyway, the former government talked of "divide and rule" from one end of this country to the other. They did not talk the same talk in Quebec as they did in western Canada and they did not talk the same

talk in western Canada as they did in Quebec. But that procedure has become outmoded with the advent of the radio and television. However, they did not know that it had become outmoded or they forgot. The former government were so arrogant and domineering and were in power so long that they could not see the forest for the trees. When they woke up they found themselves on the humble side of the opposition.

I would like next to congratulate the Minister of Finance (Mr. Fleming) on the splendid budget he has brought down. He was frank; he was honest; he was bold.

Mr. Pickersgill: He was courageous.

Mr. Hodgson: Yes, he was courageous.

Mr. Pickersgill: That is the theme song.

Mr. Hodgson: This is the first honest attempt of any government or any minister of finance in my time, and I say this because he has lived up to all the election promises.

Mr. Pickersgill: Half a billion reduction in taxes? He promised that.

Mr. Hodgson: Oh, the hon. member's leader was talking in the election about cutting everything and giving the people $500 million.

Mr. Pickersgill: Your leader promised half a billion in tax reduction; where is it?

Mr. Hodgson: Where are all the things your leader promised?

Mr. Pickersgill: He promised many things but he is not in office.

Mr. Hodgson: He promised everything from soup to nuts.

Mr. Pickersgill: You have your chance but you do not deliver.

Mr. Hodgson: The people did not believe him.

Mr. Deputy Speaker: Will the hon. members kindly allow the hon. member for Victoria (Ont.) to continue with his speech? If they wish to ask the hon. member's permission to ask questions they may do so, but otherwise they must let him carry on with his speech.

Mr. Hodgson: I do not mind, Mr. Speaker. Sometimes it is the spice of life if someone finds fault. As I have told hon. members, if I am making a speech with which they are in opposition, it is quite all right, they can go ahead, because Sir John A. Macdonald once said that all the sticks and stones generally lay under the best trees of fruit.

This was a double-barrelled budget. It takes care of the farmers and also of such problems as old age pensions, amendments to the Unemployment Insurance Act of 1957 for the benefit of labour and measures to improve veterans affairs and so on. In fact the budget not only lives up to every election promise but it has assistance for the little man, the farmer, the butcher, the baker, the labourer and the artisan.

An hon. Member: Nothing for the lumberman.

Mr. Hodgson: I think it is going to help the lumberman before the end of the year. I did not intend to make a speech today at all but my name has been brought into the house so many times on different occasions that I thought I had better say something to try to put right some of those who are at times so wrong. I refer firstly to the hon. member for Levis (Mr. Bourget), who said as recorded at page 912 of *Hansard* of June 6, 1958:

> Hon. members will also recall that when the amendment was discussed in the house our friends now sitting opposite were very critical of the progress that had been made. They were also blaming the government of the day for not paying at least 90 per cent of the total cost of the road. I could read from *Hansard* many statements that have been made, particularly by the hon. member for Victoria and also supported by many other members of the Conservative party of that time.

That is quite all right, but I did not know I was so effective when I was on the opposition side. I did not realize that I probably asked too many embarrassing questions.

Mr. Pickersgill: The hon. member is always effective.

Mr. Hodgson: Never mind, John, you are doing all right. The hon. member for Port Arthur (Mr. Fisher) said, as recorded at page 916 of the *Hansard* for the same date:

> One of the points that I believe was dear to the heart of the hon. member for Victoria, Ont., when he was a critic in this particular field was that the trans-Canada highway was not wide enough, that the 22 foot strip led to a concentration and a wearing out of the highway so that by the time the project is completed the highway is going to be in a state of needing rebuilding. He made the point very well, I thought, that a broader highway—even a 24 foot highway—would be to the best advantage. I should like to have some word on how he has gotten along in his work within the department in seeing that this is coming to pass.
>
> One of the other things in connection with the trans-Canada highway was this. I noticed there seems to be a popular clamour from new Conservative members in Alberta and Saskatchewan to have a second trans-Canada highway instituted under the general overlordship of the federal government.
>
> I would suggest to the minister that in certain parts of Canada we are still waiting for the trans-Canada highway itself to be completed, and that before he follows this rush of enthusiasm from the west he should begin taking steps to get the provincial governments working much faster on completing the highway as it is. I wonder whether

if in this regard he would consider offering Premier Frost of Ontario some sort of bonus in order to get his department of highways working a little harder up in northwestern Ontario.

Mr. Pickersgill: I wonder if the hon. member would permit a question. Would he tell us whether, when he becomes minister of public works, he will pay 90 per cent of the cost of the trans-Canada highway?

Mr. Hodgson: I think I will be perfectly safe in promising that, because I have to become a minister first. However, I would like to say to the hon. member that if there was any special concession given to Ontario his group would be the first to holler to high heaven.

Mr. Pickersgill: We would like it for Newfoundland.

Mr. Hodgson: After all, this government has a mutual understanding with all the provinces and they must all be treated in the same way. As far as the 22-foot strip is concerned, in some places where the highway is taken over from the provincial highway it is only 20 feet wide and in some places 22 feet. But as soon as we became the government there were negotations from an engineering standpoint between the provincial and federal governments. We have been in favour of building a 24-foot highway but, after all, the wishes of the provinces must be considered and in connection with the procedure in the province of Ontario we have put a 22-foot hard top on the trans-Canada highway and where a piece of provincial highway was taken over where the road was only 20 feet wide, all the grading and work done since is prepared for a 24-foot top. I might say that all the pavement in connection with the trans-Canada highway being laid this year in the province of Ontario will have a 24-foot top.

The hon. member for Port-Arthur made reference to the width of the trans-Canada highway and suggested a bonus for the province of Ontario for the early completion of the highway and I think he has been answered. The provisions of the trans-Canada highway agreement permit a minimum of 22 feet and a maximum of 24 feet pavement. This government would prefer all of the highway to be 24 feet. In Ontario, however, they had in some sections elected to complete to the 22-foot width. There have been discussions with provincial officials at the engineering level and it is our understanding that they are prepared to build the new construction to the 24-foot width. This point is being pushed by the department.

[Mr. Hodgson.]

With reference to progress in Ontario, the work is being pushed. We have received from the province a very tight construction schedule which they have prepared to complete the paved highway on the route by 1960.

A particular effort is being made in the gap section from Agawa to Marathon, a distance of 165 miles. All grading contracts will be awarded by July of this year and it is proposed to award paving contracts for 45 miles before the end of the year. To date, $10,537,000 has been spent on the gap and another $12 million is estimated to be spent this year.

Mr. Speaker, I have some figures covering commitments on the estimated cost of construction of the trans-Canada highway for the fiscal years 1956-57 and 1957-58 and then the payments to the provinces in connection with the additional 40 per cent contribution to the cost of construction as provided for under section 6 (1) b and section 6 (1) c of the trans-Canada highway agreement. Then there are figures concerning the paving mileage approved and completed under the agreement. I have recently received these figures and would like to have them appended to my speech as part of *Hansard*.

Mr. Deputy Speaker: Has the hon. member the permission of the house to put this table on *Hansard*.

Some hon. Members: Agreed.

Mr. Hodgson: There has been some talk about our not spending as much money on the highway this year as in previous years. This table gives the facts and the figures and it will be found that more money was spent on the trans-Canada highway during the last 12 months than in any previous year.

Commitments Covering The Estimated Cost of Construction of The Trans-Canada Highway

Fiscal Year 1956-57	Total	Canada's Share
Newfoundland	$ 3,226,920.00	$ 1,613,460.00
Prince Edward Island	1,355,900.00	962,150.00
Nova Scotia	2,753,155.00	1,376,577.50
New Brunswick	6,617,236.35	4,545,818.17
Ontario	22,930,460.29	15,978,140.14
Manitoba	4,938,788.64	2,469,394.32
Saskatchewan	7,563,909.00	5,746,974.50
Alberta	6,909,263.75	5,074,922.27
British Columbia	25,709,100.00	14,276,707.00
Total:	$82,004,733.03	$52,044,143.90

Fiscal Year 1957-58

Newfoundland	$ 4,689,892.25	$ 5,792,184.70
Prince Edward Island	793,103.75	779,711.88
Nova Scotia	3,318,825.20	2,806,212.60
New Brunswick	9,315,232.36	7,923,896.18
Ontario	21,887,793.13	13,561,706.56
Manitoba	5,369,206.00	3,385,475.40
*Saskatchewan	—1,107,841.58	—533,795.78
Alberta	4,009,971.06	2,780,545.53
British Columbia	24,995,878.00	15,607,880.20
Total:	$73,272,060.17	$52,103,817.27

December 10, 1949 to May 31, 1958

Newfoundland	$27,438,223.30	$17,166,350.22
Prince Edward Island	7,336,758.99	4,385,739.50
Nova Scotia	11,245,837.20	6,807,398.60
New Brunswick	33,479,012.85	23,271,942.83
Ontario	117,832,008.33	66,551,524.15
Manitoba	28,877,966.55	15,181,295.68
Saskatchewan	27,759,207.27	15,864,748.65
Alberta	34,179,330.14	19,686,515.47
British Columbia	94,356,081.85	51,660,139.12
Total:	$382,504,426.48	$220,575,654.21

* The reduction shown for Saskatchewan in the Fiscal Year 1957-58 represents the cancellation of commitments due to overestimating during the early stages of construction that is now completed.

Payments to the Provinces by Canada on Account of Trans-Canada Highway Construction

Fiscal Year 1956-57

Newfoundland	$ 1,126,469.58
Prince Edward Island	414,104.91
Nova Scotia	951,212.88
New Brunswick	3,281,869.84
Ontario	4,855,053.08
Manitoba	3,124,305.23
Saskatchewan	2,652,471.90
Alberta	1,945,462.47
British Columbia	6,455,013.07
Total:	$24,805,962.96

Fiscal Year 1957-58

Newfoundland	$ 861,313.26
Prince Edward Island	1,232,516.42
Nova Scotia	3,531,597.02
New Brunswick	3,557,974.73
Ontario	12,381,361.51
Manitoba	2,729,336.02
Saskatchewan	3,346,041.71
Alberta	5,289,623.17
British Columbia	16,418,285.58
Total:	$49,348,049.42

December 10, 1949 to May 31, 1958

Newfoundland	$ 9,777,397.16
Prince Edward Island	3,272,532.20
Nova Scotia	4,792,713.50
New Brunswick	12,385,775.21
Ontario	41,240,308.94
Manitoba	12,890,076,46
Saskatchewan	15,051,388.49
Alberta	17,264,295.06
British Columbia	40,820,162.99
Total:	$157,494,650.01

These payments include Canada's additional 40 per cent contribution to the cost of construction as provided for under Section 6(1)b and Section 6(1)c of the Trans-Canada Highway Agreement.

Payments to the Provinces by Canada on Account of Additional 40 per cent Payments as Provided for Under Section 6(1)b and section 6(1)c of the Trans-Canada Highway Agreement

Fiscal Year 1956-57

Newfoundland	$ —
Prince Edward Island	—
Nova Scotia	—
New Brunswick	723,267.85
Ontario	36,670.56
Manitoba	—
Saskatchewan	—
Alberta	295,978.99
British Columbia	59,400.56
Total:	$ 1,115,317.96

Fiscal Year 1957-58

Newfoundland	$ 343,851.61
Prince Edward Island	210,161.30
Nova Scotia	504,154.73
New Brunswick	908,366.38
Ontario	2,111,097.93
Manitoba	356,132.02
Saskatchewan	1,770,058.36
Alberta	1,418,534.53
British Columbia	1,503,952.94
Total:	$ 9,126,309.80

April 1, 1956 to May 31, 1958

Newfoundland	$ 366,934.00
Prince Edward Island	210,161.30
Nova Scotia	504,154.73
New Brunswick	2,189,881.35
Ontario	2,147,768.49
Manitoba	356,132.02
Saskatchewan	1,770,058.36
Alberta	1,714,513.52
British Columbia	1,563,353.50
Total:	$10,822,957.27

Paving Mileage Approved and Completed under the Trans-Canada Highway Agreement

Fiscal Year 1956-57	Approved	Completed
Newfoundland	—	—
Prince Edward Island	10	14
Nova Scotia	2	—
New Brunswick	7	15
Ontario	103	73
Manitoba	43	68
Saskatchewan	84	63
Alberta	—	18
British Columbia	97	60
Terra Nova Park	—	—
Banff and Yoho Parks	—	—
Glacier and Revelstoke Parks	—	—
Total	346	311
Fiscal Year 1957-58		
Newfoundland	—	—
Prince Edward Island	3	1
Nova Scotia	—	—
New Brunswick	14	4
Ontario	34	44
Manitoba	48	33
Saskatchewan	5	50
Alberta	—	—
British Columbia	2	33
Terra Nova Park	—	—
Banff and Yoho Parks	—	—
Glacier and Revelstoke Parks	—	—
Total	106	165
December 10, 1949 to April 30, 1958		
Newfoundland	—	—
Prince Edward Island	70	67
Nova Scotia	26	—
New Brunswick	88	78
Ontario	452	434
Manitoba	270	246
Saskatchewan	406	406
Alberta	214	214
British Columbia	262	262
Terra Nova Park	—	—
Banff and Yoho Parks	—	—
Glacier and Revelstoke Parks	—	—
Total	1788	1707

Grading Mileage Approved and Completed under the Trans-Canada Highway Agreement

Fiscal Year 1956-57		
Newfoundland	22	25
Prince Edward Island	9	12
Nova Scotia	23	32
New Brunswick	25	19
Ontario	91	48
Manitoba	30	34
Saskatchewan	35	33
Alberta	57	26
British Columbia	91	110
Terra Nova Park	—	—
Banff and Yoho Parks	19	25
Glacier and Revelstoke Parks	—	—
Total	402	364
Fiscal Year 1957-58		
Newfoundland	35	7
Prince Edward Island	3	3
Nova Scotia	22	29
New Brunswick	27	33
Ontario	108	109
Manitoba	35	48
Saskatchewan	—	1
Alberta	4	35
British Columbia	63	70
Terra Nova Park	26	8
Banff and Yoho Parks	—	29
Glacier and Revelstoke Parks	—	—
Total	323	372
December 10, 1949 to April 30, 1958		
Newfoundland	366	249
Prince Edward Island	71	70
Nova Scotia	99	94
New Brunswick	120	118
Ontario	674	576
Manitoba	240	234
Saskatchewan	406	406
Alberta	275	275
British Columbia	428	385
Terra Nova Park	26	8
Banff and Yoho Parks	80	79
Glacier and Revelstoke Parks	—	—
Total	2785	2494

There is one other matter I would like to bring to the attention of the house and that is the occasion when my name was again brought into the discussion, this time by the hon. member for Levis as reported at page 912 of *Hansard* of June 6, 1958 when he said:

> At this point I should also like to ask—the hon. member for Victoria (Ont.) also inquired about this some years ago—if the minister has made any approach to the government of the province of Quebec so as to convince them to share in this program if it is not too late.

All I could say about that is that there has been a certain amount of ill will between the government of the province of Quebec and the federal government for a number of years. I believe the election of June 10, 1957, and the election of March 31, 1958, ended a lot of that disagreement and misunderstanding and I think there is now a better feeling between the federal government and all the provinces than there has been for a number of years. I hope the provinces and the federal government will strengthen their good will and understanding because the provinces and the federal government must be united if we are to have a united Canada and there must be a maximum of understanding and co-operation between them.

The hon. member for Port Arthur was heard from again on June 6 and we find his remarks recorded at page 913 of *Hansard* of that date. He had this to say:

> One of the points I wanted to bring up was that two years ago the hon. member for Victoria (Ont.) made an interesting comment during the consideration of these estimates. He said something like this:
>
> Last year, I made some reference to patronage. So long as you do something for my riding, I do not care how much patronage you use. So long as we get a little project, a building here and there, we shall be satisfied. The little bit of patronage that is used by the department at times does gripe a little, but never mind we shall stand the gripes if the minister will get busy.

I said that two years ago and I said it a year ago and I still say it now, as far as that is concerned.

Mr. Herridge: What did the hon. member say about patronage?

Mr. Hodgson: As far as I was concerned I meant it for my own riding. I did not say it about any other riding. If the Liberals wanted to use a little patronage in my riding it did not affect me very much nor did it affect the C.C.F. because neither the Liberal or C.C.F. party got any more votes. All the votes the C.C.F. got could be put in your hip pocket. That is how the few pieces of paper were involved. Whatever patronage the Liberals might have used in my riding it did not affect the Liberal vote either because I kept getting more Liberal votes all the time. I had to have 5,000 Liberal votes to get the majority I did. Why should I object to a Liberal receiving a job through Liberal patronage? The chances are he was voting for me in any event. I can understand that the C.C.F. would be worried about it because they did not get enough votes to amount to anything. But I will say this about the C.C.F., they are courageous people. They run a candidate every election.

Mr. Pickersgill: Why don't you give him a job?

Mr. Hodgson: He is a good fellow and he does not need one. He is not as poor as some of the members of the C.C.F. would have us believe they are when they are howling about it all the time. This chap can look after himself financially and otherwise but it does not assist him in getting votes.

The hon. member for Port Arthur went on to say:

> This, of course, raises a nasty suspicion in my mind that perhaps patronage did exist in the Department of Public Works under this nefarious regime which ended last June. We righteous people are worried, because of the approach of the member who has been parliamentary assistant to that department, as to whether or not patronage still exists. This suspicion was increased last session when the minister, in answer to a question from a gentleman on the Liberal benches who has since moved to a more exalted realm in Quebec, suggested that the building of certain river improvements was more likely to have been placed in certain areas if the people in the area happened to be good Liberals. As I say, these suspicions are going around in our minds. We are prepared to accept that the new minister is a very forthright and very honest individual. He has made a number of public statements that no such thing as patronage is going to exist. I feel, therefore, he should be prepared now to make a statement about the patronage he found in the department and the steps he has taken to stamp it out. Certainly, he should say what steps he has taken to watch his erstwhile parliamentary assistant who said he did not care how much patronage there was as long as his riding got a little bit. Now that may be in keeping with the free enterprise ethics we heard stated so well yesterday. However, it seems at odds with the minister's own position, and we would like to hear more about that.
>
> There is one more aspect of patronage I should like to mention, and this has come to the notice of those on the opposition benches. There are not many defeated Conservative candidates across Canada, and I know that makes a number of people around this chamber very happy. Those few defeated Conservative candidates that do exist have, in a few instances since the last election, come out with statements in their local papers. These statements seem to have been triggered by letters they received from the Department of Public Works or officials of that department to the effect the government, in its graciousness, is going to do something here or there. In other words, we have defeated Conservative candidates announcing government projects as a result of what seems to be a pipe line into the Department of Public Works.

From my knowledge of the Department of Public Works there is no pipe line into the

department that is not open to all members of parliament. If any hon. member wants to establish a pipe line into the Department of Public Works all he has to do is write a letter to the department setting out what he wants to know and he will receive the information without any trouble.

Mr. Herridge: Would the hon. member who is presently waiting in the outer courts to be called as a parliamentary assistant to the Minister of Public Works permit a question? When he or other persons notify the defeated Conservative candidate of a proposed public works in the riding is the sitting member for the riding, if he happens to be in opposition, also notified?

Mr. Hodgson: Turning now to another subject—

Mr. Herridge: What is the answer?

Mr. Hodgson: I did not catch the hon. member's question. I thought he was making a speech.

Mr. Pickersgill: Make it simple.

Mr. Herridge: When a Conservative candidate for any constituency is notified by some person in the Department of Public Works that any certain public works project is going to be undertaken in his riding is the sitting member for the riding, if he happens to be an opposition member, also notified at the same time?

Mr. Hodgson: I cannot tell you that. I only know that if any hon. member wishes to receive information from the Department of Public Works he has only to write in to obtain it. The department consists of a fine group of civil servants who are very co-operative. I do not think they have any politics. My personal experience with the department indicates that they are always open and above board in all their dealings.

I could continue to quote passages from the remarks made by the hon. member for Levis but I do not think it is necessary. He is a nice little fellow and I will say this to you about him. The hon. member for Levis had a lot more authority with the Department of Public Works than I do to either hire or fire.

The hon. member for Laurier (Mr. Chevrier) also expressed an interest in the business of patronage and his remarks can be found at page 1137 of *Hansard* of June 13. I might note that at one point he made reference to the hon. member for Burnaby-Coquitlam (Mr. Regier) although I believe he intended to refer to the hon. member for Port Arthur. Apparently the Liberals are interested in patronage too and I think the hon. member for Laurier was more or less setting traps. I must point out that he was not a very good trapper because he did not catch the Minister of Public Works (Mr. Green) in any of the traps he set; at least he did not succeed in having the minister make whatever statements he might have been interested in having him make.

I wish to deal briefly with one of the statements made by the hon. member for Port Arthur as found at page 914 of *Hansard* which I have already placed on the record when he said:

> Certainly, he should say what steps he has taken to watch his erstwhile parliamentary assistant who said he did not care how much patronage there was as long as his riding got a little bit.

I must confess that I was not aware that the parliamentary assistant had any authority that would warrant his being watched very carefully but I was interested in the remarks of the erudite hon. gentleman from the Lakehead and so I looked up in the dictionary the meaning of the word "erstwhile" to ascertain exactly what it means. According to Webster's dictionary it means "before" or "before long".

Mr. Pickersgill: Are the last two words a prayer?

Mr. Dinsdale: You are becoming a good scholar.

Mr. Hodgson: Take that for what it is worth. So far as patronage is concerned, this government does not know anything about it, at least I do not think they do. They are babes in the woods compared with the former Liberal government.

Mr. Pickersgill: What about Mr. Carson Stroud?

Mr. Hodgson: So far as patronage is concerned, they are babes in the woods. I know this from what happened in my riding. I do not have to go across Canada. The hon. member for Laurier was minister of transport for a number of years. In the letting out of jobs or in the hiring of people his party and his department were rife with patronage right in my own riding. There was nothing I could do about it. I can well remember when I got a little money from the government to build a dock in a place called Bobcaygeon. What happened? Talk about pipe lines. In the Department of Public Works and in the Department of Transport, and you can also add in the department of the post office, there is such a thing as appointing foremen and inspectors. The present government puts these jobs out for competition. Under the old government there was no competition. Who was the inspector on the first job that was done in my riding after I became elected in 1945? Was it a Liberal,

a Conservative or a C.C.F.'er. No, it was the humble defeated Liberal candidate, the man whom I defeated and who was a member of this house for 10 years. He was the inspector. On the next job on Cameron lake the next year, who was the inspector? It was the same individual and that sort of thing went on. There never was a competition run for the job of inspector at any time under their regime in my riding. So far as the Department of Public Works and the post office are concerned, the same thing took place there.

There was a competition once for a postmastership in Bobcaygeon. This is the way the competition was run. The district postmaster at Toronto came up to Bobcaygeon and he talked to the heads of the Liberal association there. They went over to a garage and got a little fellow out of the garage, a nice little boy, and he turned out to be a good postmaster, too. He was installed and the old gentleman was retired. That is how the competition worked. I happened to be the member and some people did not like what happened and they were bothering me about another fellow who wanted the job. So I took it upon the floor of the house with the postmaster general and they had a competition. The competition was held in June. Although the other fellow had some months experience in the post office, the second man had five years overseas experience and six years experience in the army. He won the competition on both the written and oral examination. He had four years of high school and one year in college. What happened? Did he get the job? He got a large form from the civil service commission. We have the form framed if anybody wants to see it. The form stated that he had won the written and oral examination by so many marks, and so on, and that his appointment would be made early in September.

July went by, August went by and September came. September went by and there was no appointment. The people began bothering their member of parliament again. I got on my horse and I drove down to Ottawa and low and behold the postmaster general would not see me. I could not get on to his plush carpets; I could not see him. Of course, the girl asked me what I was there about. I said I wanted to talk about the postmastership at Bobcaygeon. I could not get in to see him. I started calling him on the telephone and after six or eight calls he talked to me about it. He said that the other fellow had three, four or five months experience and he did not think it right to turn him out. So the minister overruled the decision of the civil service commission. That is the way patronage was played in my riding from that day until June 10, 1957.

Patronage permeated other departments besides the Post Office Department. It was as bad in the Department of Public Works and in the Department of Transport while the hon. member for Laurier was minister of transport. In my riding I have from 165 miles to 240 miles of the Trent canal and waters and lakes. There are 25 or 30 men hired temporarily every spring and two or three permanent men retired every year and new ones hired. Never once did a Conservative get a job on the Trent canal; in fact, a Conservative can hardly look into the canal. After I was elected for a year I thought it was about time that the houses occupied by the workers on the canal were wired. I was down near the canal one day and I thought I would drive down and see what was going on. I drove over to the canal and got out. Instead of walking all around as I should have done I walked across the locks. I got half way across the locks when a man came out screaming, "Get off there, get off there". He came over to the locks. I thought every man in my riding knew me, but I found out that one fellow did not because I said, "I am the Conservative candidate". He said, "You get the hell out of here; you can't put that bull over me". He said, "There is no room for a Conservative around here, anyway". He is still on the job. I think he is a good lockmaster.

Then we have the Department of Trade and Commerce. They have a little patronage in there, too. They appointed some six or eight statisticians up in our country and again not one Conservative, not even a C.C.F.'er, got a chance at those jobs. The appointments were made by the Liberal association and they were hand-picked. They were not only Liberals, they were good Liberal workers both before and after they got the job and even up to the last election. They died awfully hard, but they still have their jobs. I do not believe in firing everybody high wide and handsome. I do not believe in firing people who are doing a good job just because some political mistakes were made by somebody higher up who should know better.

Mr. Dinsdale: They have seen the light now.

Mr. Hodgson: You can lead a horse to water but you cannot make him drink. They will be just the same if they ever get back into power but they will not be back in power for a long, long time.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I am happy to take part in the discussion of the budget and to

express my personal position and the views of the voting population of that grand riding of Drummond-Arthabaska.

The first words of the Minister of Finance (Mr. Fleming) in his budget speech, were the following:

> I approach this task tonight in a spirit of deep humility and dedication in recalling, as did some of those who have preceded me in delivering their first budget speech, that this honour has fallen in times past to the lot of some very great Canadians.

It was indeed with humility that such a budget had to be submitted and no Canadian has ever presented such a pitiful one since confederation. As someone said before, no government has ever submitted a budget with as large a deficit in peacetime.

In submitting an explanation for his $648 million deficit budget, the hon. Minister of Finance has broken with a long Liberal tradition. As a matter of fact, since 1946, i.e. the year after the war, we have seen the public debt gradually decrease, except in the fiscal years 1954-1955, when our deficit was $147 million, and 1955-1956, when it reached $17 million. However, these slight deficits were compensated by a surplus of $272 million in the years 1955, 1956 and 1957.

On April 1, 1958, the national debt was estimated at 11 billion 48 million dollars, i.e. $649 per capita. However, this debt had been of 13 billion and 400 million dollars in 1946, or $1,100 for each man, woman and child in this country. Under the able guidance of the Hon. Mr. Abbott, who was minister of finance until 1952, the debt gradually decreased and continued to be paid off under the equally capable leadership of the Hon. Mr. Harris.

At the time several members of the Conservative party were loud in their criticism of these administrators. But the latter deserved the gratitude of every Canadian citizen. Whatever the area in which they may, at this time, exercise their activity, they deserve our gratitude and our sympathy.

Since the Conservatives came into power, what has happened? Whereas Mr. Harris' budget forecast a $152 million surplus for the fiscal year ending March 31, 1958, we have seen the present Minister of Finance, not only absorb this surplus in its entirety, but end the year with a deficit of $40 million, not even considering the $250 million which, according to the hon. gentleman, had been camouflaged by the Liberal party. This means that the government has added $542 million to administrative expenditures since it has come into power, though we are still as far as ever from the earthly paradise which it had promised us. You will remember the promises made during the election campaigns of 1957 and 1958. There was not one Conservative candidate who did not express shock at Liberal government surpluses. It was said that each family should be reimbursed the $120 it had paid over the year in surplus taxation. It was also stated that the excise tax on automobiles should be repealed, that our natural resources should be developed, that employment should be kept at a high level, etc.

If we look at the forecast made by the Minister of Finance last year, to the effect that there would be an $80 million surplus on March 31, 1958, and if we look at the evidence of a $39 million deficit which was confirmed last week, we can easily deduce that, projecting this error in like proportion, next year's deficit will be one billion dollars. The most striking feature of the budget under discussion is the flagrant contradiction between the figures provided by the Minister of Finance and the promises recently made by the Prime Minister (Mr. Diefenbaker).

He was not sparing of words when telling us that, without regard to cost, we should see to it that the economic life of this country be activated in order to create employment. Last year in his stillborn budget, he reduced taxation by $178 million, bringing about, in so doing, no improvement in the situation. It was during the few months that followed this reduction in taxation that we have seen the unemployment figure reach 860,000.

This year, this reduction in taxes is only of the order of $8 million. At that it will only benefit those who wish to make a gift of $10,000 to their wife and children, those too who will leave, at their death, an estate of $60,000 and less. Even Don Juans will not have to pay taxes on the flowers which they distribute right and left, thanks to the generosity of the Minister of Finance.

True, there have been some slight deductions in taxes on certain construction materials, agricultural and horticultural products, without forgetting eyeglasses and rat poison. But what real relief will all this bring to the working class and to the heads of large households?

With the exception of medicine bought on prescription, and of other treatments for chronic ailments, there is very little that the Minister of Finance can show in the way of real relief for the ordinary citizen of this country.

We have reason to say that Tory times are hard times.

Mr. Chown: Shame!

Mr. Boulanger: Since Confederation, not one Conservative government ever presented a sensible budget. Under the Liberal administration, a budget deficit of $648 million would have meant, if that amount had been applied to relieve the taxpayer, a reduction of $38 for each citizen of our country. If the same amount had been applied to increasing family allowances, Canadian families would be receiving $15 to $20 per child.

Yet, it was none other than the Prime Minister who said that Liberals were picking out of the pockets of every Canadian family $120 which the government did not need to administer the affairs of this country. When saying this, he was taking advantage of people's honesty in order to draw votes. The Canadian people were taken in and must now suffer the consequences, though with regret.

Mr. Speaker, I did not want to let the consideration of this budget go by without dealing with some aspects of family allowances. In fact, I received a great number of requests from citizens of my constituency asking me to urge an increase in family allowances. There is no doubt that all members in this house have received such requests.

These requests are fully justified by the increase in the cost of living and by the ever-pressing needs of education.

In January 1957, on the basis of the rise in the cost of living, the Liberal government understood and raised family allowances at the same time it raised old age pensions, pensions to the needy and all other social welfare benefits. A few months later, it was the Conservative government which, immediately after taking power, increased the old age pension by $9 a month, for the same reasons, while forgetting about family allowances. It is strange to find that the Conservatives who gave themselves as champions of social justice did not apply the same principles to the protection of the family.

One would have to look into the hearts of the Tories to find the real reasons of their indifference towards large families.

Since the Hon. George Drew, former leader of the opposition, opposed family allowances in 1945, the Conservatives have consistently grumbled that the Liberals had gone beyond the limit to meet the demands of the people. Still recently, in 1956, at the Conservative convention, the party defined its stand when the Hon. G. I. Smith, to a lady who asked him what was the attitude of his party in that field, answered that the committee instituted to study that question did not feel able to recommend now an increase of family allowances. On the other hand, the Liberal party, at its convention in January, did not hesitate to make its stand known and to add to its program the payment of family allowances to students up to the age of 18.

Today, the disproportion between old age pensions and family allowances is obvious and the Conservatives have substantially aggravated this lack of balance. At one time, we felt that the government would have decided on a certain increase in family allowances to meet the repeated demands of the population. Many members from the government side have therefore made statements in which they undertook to recommend such an increase. In fact, the Conservative members from the province of Quebec went all out, to their hearts' content, in their statements published in a certain paper of that province. Not one of them, however, had the courage to state squarely in this house what he desired. They have merely been using nice words, making no sense whatever. Yet, they are aware of the growing needs of large families with regard to maintenance and education.

The consumers' price index based on 100 for 1949—that is four years after the family allowances act was sanctioned—reached 125.2 in January last. The least the government could do at this session would be to continue to pay these allowances for children still pursuing their studies and until 18 years of age, and adjust pensions to a level comparing with old age pensions.

Any legislation that the government will introduce to improve that act will be welcomed by all citizens and there is no doubt that the Liberal party will approve it without reservation.

Mr. Speaker, before ending my remarks, I would be remiss if I did not say a few words about agricultural prices support. When that legislation was considered at the last session, there was much discussion and we were right, on the Liberal side, when we asked that its adoption should be delayed so that we could consider it further.

The Minister of Agriculture (Mr. Harkness) was so anxious to have it adopted, so as to be able later to say that he had fulfilled one of his promises, that he did not care whether it would be detrimental or not to the farmers.

In the last few months, several reactions cropped up from many parts of the country. It is rightly claimed, for instance, that milk powder producers are affected directly, and the farmers indirectly. Those manufacturers are fairly numerous in the eastern part of the country, and especially in the provinces of Ontario and Quebec.

Under the new price stabilization act, the Minister of Agriculture has decreed that the new prices would come into effect on May 1, 1958, and that the government was willing to pay 15 cents a pound for first quality dry skimmed milk, spray processed, and 12 cents a pound for roller processed dry skimmed milk.

Those new prices are 2 cents a pound less than those in force prior to May 1. Now, according to the figures of the Dried Milk Producers' Association, there were still in those plants, from 10 to 12 million pounds of milk powder. Those producers therefore took or will take a loss of 2 cents a pound when marketing their product. Those losses will account for $200,000. Some small manufacturers, whose financial situation is not too solid, will be in a very embarrassing situation.

If the government had at least announced its reduction policy a few months earlier, those producers would have had time to dispose of their stock.

A similar situation came about under the Liberal regime in the years 1942 and 1943. The government of the time paid a compensation to wholesalers who had quantities of butter in reserve when a price reduction was announced on this product. The butter producers, wholesalers and farmers were not then forced to sustain a loss and the change-over came about smoothly.

Since the reduction of the support price of dry milk by 2 cents per pound, the price of milk in Quebec and Ontario has been reduced by 10 cents per hundredweight. We know that approximately 8 pounds of dry milk can be obtained from approximately 100 pounds of milk plus 4.2 pounds of butter. By carrying out an extremely simple computation we will see that with the increase in the price of butter the profit is 4.2 cents per hundredweight. This shows that with regard to recent years butter has been selling for one cent more per pound, that is 64 cents. This increase, with regard to 100 pounds, is equal to a profit of 4.2 cents. If account is taken of the fact that 8 pounds of dry milk are produced from 100 pounds of whole milk, this decrease in 2 cents means a loss of 16 cents for the producer per hundredweight. By subtracting the loss incurred on dry milk production from the profit made on the sale of butter, we will note that the producer loses from 10 to 12 cents per hundredweight. What is happening at this time in the province of Quebec is that the price of butter has gone down from 10 to 12 cents per hundredweight. And there is great praise for the agricultural prices production act which, according to some people, is the farmer's salvation!

We are still unable to see what the results of this act will be since it is far too recent; but we can state that this legislation, as far as milk products are concerned, is a complete failure from the point of view of the farmer. True, there are certain products in respect of which this legislation can be to some advantage for speculators or traders. This is true as far as wool is concerned. A compensation price of 60 cents a pound is being considered. Since this wool can be sold only to manufacturers or traders, the farmer is deprived of the advantage of bargaining and the manufacturer can offer him any price whatever. Whether the farmer sells his wool 40 cents, 50 cents, or 65 cents a pound is completely irrelevant since the government will pay the difference when the compensation price has been established on the basis of the price on the Toronto market. Therefore, if the compensation price is fixed at 60 cents and if the farmer has sold his wool at 40 cents, the government will pay the difference, that is 20 cents per pound. If that legislation has any advantage whatever, it is only as far as traders and manufacturers are concerned. Since the trader is not concerned with competition, he can offer any price he wishes. In fact, he can grade it in any way he chooses. I am convinced that there are no wool graders who really know anything about wool grading either in our Quebec manufacturing plants or among traders.

I had an opportunity to offer similar remarks last year, when we were discussing the Agricultural Prices Stabilization Act and I believe that the Minister of Agriculture (Mr. Harkness) will admit today that I was right.

We could deal with a great many other products, but I am content with noting these two, reserving the right to return to them later on.

(Text):

Mr. A. R. Webster (St. Antoine-Westmount): Mr. Speaker, rising as I do now for the first time in this house, my first words must be of congratulation to the Speaker on the high office with which he has been honoured. It must be a source of great satisfaction to know that members of parliament from every party and every corner of the country were

not only pleased but proud to have him chosen again as the first commoner. We in this far corner of the House of Commons know that he will see us equally well and as often as he will see those members who are much closer to him. I should congratulate too, the hon. member for Longueuil (Mr. Sevigny) who has already demonstrated in this session that he will live up to the many fine things said about him by earlier speakers in this parliament.

St. Antoine-Westmount is a metropolitan Montreal riding about two miles and a half square. The 41,000 voters are a cross-section of Canadian life. Every walk of life, from the lowest to the highest, is represented. There are the very poor and the immensely wealthy. About half are French and the other half predominantly English. I will strive honestly to represent them all, not just those who voted Conservative in this parliament.

I might add that my constituents will be able to make a close and, I trust, friendly check on my activities here through the hon. member for Longueuil, the hon. member for St. Lawrence-St. George (Mr. Chambers) and the hon. member for Iles-de-la-Madeleine (Mr. Keays), who are all residents of St. Antoine-Westmount.

I must record my approval of the budget presented to this house last Tuesday by the finance minister in a feat of endurance and easy speaking which I am sure was a marvel to all the new members like myself.

Naturally, I have been watching for and listening closely to all the comment available on the budget. I have been in my own riding of St. Antoine-Westmount this last weekend to hear the observations of my own constituents; and, notwithstanding what we have heard from certain sections of this house, I am forced to say that I believe most Canadians approve and are satisfied with this budget. Of course there is nothing in it to make anyone hysterical with joy. But there is an honest recognition of the facts of economic life in Canada as the people know them.

There was optimism, justifiable optimism, I believe for the future. The Minister of Finance (Mr. Fleming) has told us that this budget is only a first push to start the wheel turning forward. There is no reason not to believe that in subsequent budgets the wheel will gather momentum and that there will be the gradual, systematic reduction of taxes for which this party has always stood.

Before discussing taxes at greater length, there is one feature of the budget and reaction to it which I think deserves some notice. We have heard repeated charges that this is a budget based on a protectionist philosophy. No doubt we will hear that claim made often even long after this budget has been approved here in parliament by the representatives of the people.

Some members of the opposition parties with whom we share this side of the House of Commons have found it convenient in their attack on the budget to quote the *Financial Post*, a paper with considerable standing in the business community. Let these critics, then, turn up page 10 of the *Financial Post* of June 21 where the tariff changes are discussed, and let them note these two paragraphs quoted from that article:

> All of these changes—
>
> The reference is to tariff revisions on iron and steel, pipes and tubes, zinc and zinc products and wool.
>
> —are the result of tariff board investigations initiated under the Liberal government.
>
> The Conservative government is following lines mapped out by its predecessor.

That ends the quotation and it should end too some of the fallacious arguments we have been hearing from other sections of the House of Commons about what these changes mean.

Before this diversion I was discussing taxes and the fact that I have found general approval of the budget in spite of the fact that there were no substantial tax reductions. The only people who seem really concerned about this are those sitting to your immediate left in the two opposition parties. They are in the minority in this house, and I am convinced they are still swimming against the stream of public opinion in the matter of this budget and other equally important questions. There was general agreement throughout the country even before the budget was presented —and I am now not referring only to the events of March 31—that taxes should not be drastically reduced.

One of the most significant documents which came to my attention in the last few weeks was a copy of a letter from H. Roy Crabtree, chairman of the executive council of the Canadian Chamber of Commerce. This organization is a national voluntary federation of more than 750 boards of trade and chambers of commerce in all Canadian provinces and the territories of the north as well. As such it represents literally thousands of businesses, large and small, who have as great a stake as you or I in every budget.

In January of this year the national chamber of commerce, visited the Minister of Finance and the Minister of National Revenue (Mr. Nowlan) and urged upon them consideration of substantial reductions in personal and corporate income taxes. Four months later, however—in May—the executive council sought and received another interview with the Minister of Finance and his cabinet colleagues. The council felt it was important, in view of changed circumstances, to considerably amend its former position. During its first meeting the executive council had expressed the uncertainty that everyone felt at the time regarding the possible extent and duration of the adjustment which the Canadian economy was then undergoing. In May the chamber said, and I would like to quote from the letter to the ministers as follows:

There are still elements of uncertainty particularly as to the duration of the current slowdown in business. There is some recent evidence, however, of stabilizing tendencies.

The letter went on to discuss the fact that Canada's economy is directly affected by economic developments abroad, particularly those in the United States. It added that there appear to be what the chamber of commerce called feasible means of improving our economic climate through governmental and private policies designed to improve the confidence of business and consumer. Then the letter came to this significant conclusion:

During the intervening months—

That is, since the first submission made in January.

—the fiscal background has changed significantly. Having in mind the probable sizeable deficit of the government for the fiscal year ending March 31st, 1959, largely resulting from expanded spending to counteract prevailing unemployment, the executive council believes that it would not be prudent or responsible to recommend sizeable tax rate changes at this time.

I would like to repeat the last part of that important sentence.

—it would not be prudent or responsible to recommend sizeable tax rate changes at this time.

That is the considered opinion of the executive council of the Canadian Chamber of Commerce. I do not think anyone could accuse that body of the political bias which inevitably flavours every speech made on this subject in this house. By the standards of this group the budget under discussion is, therefore, both prudent and responsible. Furthermore, the Minister of Finance apparently received similar advice from the large group of trusted and efficient officials in these departments which prepare studies to aid him in budget decisions.

[Mr. Webster.]

Within this frame of reference, that is to say, "Hold the line on major tax cuts", the Minister of Finance has introduced some improvements which I am glad to hear, even the opposition admits, makes sound sense. The question must be lingering in many minds as to why these changes were not made by former governments. We have heard arguments that the welcome changes in deductions for medical expenses will be of very little value to very few people. I think this is an exaggeration because reduction of even a few dollars in tax payments is valuable to every Canadian affected. One argument is that the 3 per cent floor which must be exceeded in respect of medical expenses before all such expenses are deductible will severely limit the value of these changes. While medical charges are not altogether standardized, I think it is fair to say that it is much easier for a relatively low income family to run up 3 per cent of income in medical bills than it is for a higher income family to do so. These changes therefore will be of the most value to the Canadians who most need the benefits.

More and more Canadians are wearing eye glasses, and yet until the night of June 17, 1958 the federal government refused to accept the fact that weak eyes or any condition requiring eye correction was, for deduction purposes, a physical ailment.

The same is true of the bulk of drugs which are playing an increasingly important part in the treatment of illnesses. I imagine every member of this house knows of at least one case where the cost of drugs has been the largest item in the recovery of some patients. Laboratory and diagnostic services are also vital to the proper treatment of many ailments and, as I said earlier, it is only good sense that they should all be included for deduction purposes.

I could not agree more than I do with the statement of the Minister of Finance on this subject last week he told us of these changes, as recorded at page 1243 of *Hansard* for June 17 in the following words:

—will go a long way to correct the unfairness which in the past has been the source of so much complaint about this section of the income tax law.

The same words might apply to another change announced in the budget address. As every member must know, a wife could earn $999 without damaging the exemption which her husband could claim for her. But, as conditions were before the budget, if she earned $1,001 this exemption was immediately reduced by $250. I understand the change will eliminate this small but rather vicious anomaly. The deduction will now be reduced by only the exact amount of the wife's earnings in excess of $1,000.

The third announcement I would like to mention concerns the estate tax. A new bill was introduced in January last and since then many representations have been made. These representations we are told had resulted after careful consideration in a number of revisions. This proves to all concerned the wisdom of the course adopted by the house earlier this year in facilitating the introduction of this important legislation.

We have also been told that the tax relief envisioned by the new estate tax legislation is concentrated, deliberately, in the low value estates. Estates of less than $50,000 will be completely free from tax and widows will receive particular attention by means of a scale of exemptions which, as the minister explained, are true exemptions. In other words, the tax will be paid only on the amount by which the estate exceeds the total applicable exemptions.

In closing I would like to say the Minister of Finance is a Conservative, with both a large "C" and a small "c". If he has erred in any of his estimates and predictions forming part of his budget, his error has been on the side of caution. Therefore we have reason to believe that the situation will improve and that his controlled optimism will be more than justified.

I have spoken of the general policy decisions which had to be made in regard to this budget and I have mentioned three specific changes for which I am sure the majority of Canadians are grateful. I believe the points I have discussed underline my contention that this is a budget built on good sense. It is the kind of budget the people expected and that the country should have under the circumstances. I am therefore pleased to say that my vote against both amendments and for the main motion will be a vote for good sense more than a vote for political partisanship.

Mr. Speaker: It being five o'clock the house will now proceed to consideration of private and public bills, the former having precedence pursuant to standing order 15 (3).

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. SD-28, for the relief of Therese Beaudoin Girard.—Mr. McCleave.

Bill No. SD-29, for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.—Mr. McCleave.

Bill No. SD-30, for the relief of Anne Marie Mathilde Vautelet Gagnier.—Mr. McCleave.

Bill No. SD-31, for the relief of William Leonard Mugford.—Mr. McCleave.

Private Bills—Divorce

Bill No. SD-32, for the relief of James Clancy.—Mr. McCleave.

Bill No. SD-33, for the relief of Marjorie June Gabrielson Trainor.—Mr. McCleave.

Bill No. SD-34, for the relief of Kathleen Mitchell Cabana.—Mr. McCleave.

Bill No. SD-35, for the relief of Fernande Leduc Clarke.—Mr. McCleave.

Bill No. SD-36, for the relief of Ann Westwater Murphy.—Mr. McCleave.

Bill No. SD-37, for the relief of Gaynor Jenkins Douglas.—Mr. McCleave.

Bill No. SD-38, for the relief of Roland Paquin.—Mr. McCleave.

Bill No. SD-39, for the relief of Jone Vanda Skakauskaite Kaniewski.—Mr. McCleave.

Bill No. SD-40, for the relief of Ivy Elizabeth Shaw Labbee.—Mr. McCleave.

Bill No. SD-41, for the relief of Constance Jean Backhouse Brayton Lapierre.—Mr. McCleave.

Bill No. SD-42, for the relief of Lisbet Schlosser Wisternitz.—Mr. McCleave.

Bill No. SD-43, for the relief of Virginia Marshall Staniforth.—Mr. McCleave.

Bill No. SD-44, for the relief of Elie Kouri.—Mr. McCleave.

Bill No. SD-45, for the relief of Margaret Stirling Izett Brown.—Mr. McCleave.

Bill No. SD-46, for the relief of Norman Weisman.—Mr. McCleave.

Bill No. SD-47, for the relief of Dawn Yvonne Tonkin Kadas.—Mr. McCleave.

Bill No. SD-48, for the relief of Betty Taylor Sharpe.—Mr. McCleave.

Bill No. SD-49, for the relief of Doris Williams Timmins.—Mr. McCleave.

Bill No. SD-50, for the relief of Marjorie Mary Ellen Bowes Jupp.—Mr. McCleave.

Bill No. SD-51, for the relief of Earl Bruce Carswell.—Mr. McCleave.

Bill No. SD-52, for the relief of Beverly Joan Smithson Rook.—Mr. McCleave.

Bill No. SD-53, for the relief of Joseph Francois Gabriel Rene Denis.—Mr. McCleave.

Bill No. SD-54, for the relief of Solomon Seymour Yetman.—Mr. McCleave.

Bill No. SD-55, for the relief of Margaret St. Aubin Brennan.—Mr. McCleave.

Bill No. SD-57, for the relief of Lidija Plesums Koppel.—Mr. McCleave.

Bill No. SD-58, for the relief of Vera Hamburg Colson.—Mr. McCleave.

Bill No. SD-59, for the relief of Margaret Miller Fisch.—Mr. McCleave.

Bill No. SD-60, for the relief of Katie Miller Fisch.—Mr. McCleave.

Bill No. SD-61, for the relief of Greta Clair Van Valkenburg Stenstadvold.—Mr. McCleave.

Bill No. SD-62, for the relief of Beatrice Madeleine Schmid Layton.—Mr. McCleave.

Bill No. SD-63, for the relief of Anne Gold Zidile.—Mr. McCleave.

Bill No. SD-64, for the relief of Thomas Mastropaolo.—Mr. McCleave.

Bill No. SD-65, for the relief of Charles Coorsh.—Mr. McCleave.

Bill No. SD-66, for the relief of Claire Aubin Daunais.—Mr. McCleave.

Bill No. SD-67, for the relief of Maurice Gardner Swaine.—Mr. McCleave.

Bill No. SD-68, for the relief of William Arthur Terry.—Mr. McCleave.

Bill No. SD-69, for the relief of Frances Eileen Fisher Baker.—Mr. McCleave.

Bill No. SD-70, for the relief of Marie Aurore Cecile Gauthier Thomson.—Mr. McCleave.

Bill No. SD-71, for the relief of James Dunn Drummond.—Mr. McCleave.

Bill No. SD-72, for the relief of Marie Eva Desorcy Valiquette.—Mr. McCleave.

Bill No. SD-73, for the relief of Norman Silver.—Mr. McCleave.

Bill No. SD-74, for the relief of Herbert Everett Follette.—Mr. McCleave.

Bill No. SD-75, for the relief of Abie Cubitz.—Mr. McCleave.

Bill No. SD-76, for the relief of Eva Shtull Hager.—Mr. McCleave.

Bill No. SD-77, for the relief of Georges Etienne Brais.—Mr. McCleave.

Bill No. SD-78, for the relief of Barbara Eisenstein Packer.—Mr. McCleave.

The Chairman: Shall the bills carry?

Mr. Chevrier: On division.

SECOND READING—SENATE BILL

Bill No. SD-56, for the relief of Margaret Patricia Winckworth Thornton Sherwin.—Mr. McCleave.

INTEREST ACT

AMENDMENT TO PLACE CEILING ON INTEREST RATES

The house resumed, from Thursday, June 5, consideration of the motion of Mr. Argue for the second reading of Bill No. C-4, to amend the Interest Act, and the amendment thereto of Mr. Benidickson.

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, on June 5 at the adjournment of the debate I was in the middle of a sentence when, according to the report in *Hansard*, I was guillotined. During the interval of time I have had drawn to my attention an editorial appearing in a newspaper called the New Toronto *Advertiser* headed "Of Interest To Borrowers". I feel at this time I should read it in its entirety because to a large extent I feel there has been a matter of misrepresentation as far as I am personally concerned. The editorial reads as follows:

> The people of Canada can consider themselves very fortunate that there is only one John Drysdale in the House of Commons. Because you have probably never heard of him, we will tell you that John Drysdale is the member for Burnaby-Richmond. His fleeting moment of fame or rather notoriety came this week during discussion on the C.C.F. motion to amend the Interest Act and limit interest to 12 per cent.

Mr. Speaker: Order. May I call the attention of the hon. member to the practice that editorials which comment on proceedings in the house are not properly read in the course of debate.

Mr. Drysdale: May I call the attention of Mr. Speaker to page 133 in Beauchesne's Parliamentary Rules and Forms, fourth edition, 1958, paragraph 7 which reads:

> (7) When a complaint is made of a newspaper, it is the practice in the House of Commons of Canada for the member to rise on a question of privilege and point out that he has been libelled or misrepresented. He may read as much of the article as is necessary to prove his case but he cannot go farther. He is bound to confine himself strictly to the question of privilege.

On that point, Mr. Speaker, I rise on a question of privilege and ask for permission to read the editorial.

Mr. Speaker: I understood the hon. member was speaking on the debate on second reading of the bill. He had not referred to any matter of privilege.

Mr. Drysdale: Well, Mr. Speaker, during the interval this editorial appeared involving myself and in connection with the Interest Act. I am rising to speak following the adjournment and I wish to rise at the same time on a question of privilege. Being a new member I was not sure whether or not it was necessary under parliamentary procedure to raise a question of privilege but I do so now if it is necessary in order to read the editorial.

Mr. Speaker: I have never heard of an hon. member interrupting himself to raise a point of privilege. The rules say a point of privilege may be considered at any time and it may be that the hon. member is right. If I have some advice on the subject I might give a better decision. Does any hon. member wish to speak on this question?

Mr. Chevrier: Mr. Speaker, if I may address myself to the point, I think while the hon. member may be right in raising a question of privilege if he speaks now I do not think he will be able to get back to the subject which is under discussion because he cannot have it both ways. He cannot raise a question of privilege and interrupt his own speech and then go back and argue the resolution or bill which is now before the house. He must do either one or the other. He can raise the question of privilege before the orders of the day are called as any hon. member can but my submission is that he cannot have it both ways.

Mr. Nielsen: Mr. Speaker, may I be allowed to rise and bring up the question of privilege that the hon. member for Burnaby-Richmond (Mr. Drysdale) wishes to interrupt himself on so as to transfer the liability from himself to me.

Mr. Speaker: After I dispose of this point of order, I will consider it.

Mr. Herridge: Mr. Speaker, if I may offer to be of some help in resolving the dilemma. I listened very carefully to the hon. member and his remarks so far were only an introduction to what could be a question of privilege. I suggest that he could make his question of privilege now and later take part in the debate.

Mr. Hamilton (York West): Mr. Speaker, it seems to me that perhaps the hon. member might adopt a method which is used in court from time to time. He could incorporate some of the words from the editorial in the context of his speech and thereby refer to them without offending at all the objection raised on the question of privilege and without offending the rule about reading the editorial itself.

Mr. Speaker: Perhaps there are various solutions to this dilemma which will commend themselves to the hon. member, but I really do not think he can speak in two capacities at the same time. Since he is addressing the house now on the motion for the second reading of the bill I suggest he confine himself to that and deal with the matter of privilege on another occasion.

Mr. Drysdale: Mr. Speaker, the two matters more or less fuse together, and the reason that I disclosed at the beginning the fact that I was reading from the editorial is that I did not want to fall into the difficulty that the hon. member for Essex East (Mr. Martin) fell into in connection with the editorial from the Winnipeg *Free Press*. This is not from the Winnipeg *Free Press*. I do not know whether I should actually refer to the editorial itself, but if it is necessary to adopt the garb of anonymity, shall we say, I shall be glad to go back to just reading this matter without referring to it as an editorial. Would that be permissible?

Mr. Speaker: If the hon. member will proceed, I will interrupt him if I feel it necessary.

Mr. Drysdale: Thank you, Mr. Speaker. I certainly enjoy this enlightenment of the rules as I proceed.

John Drysdale began his address—

This sounds like a paid advertisement, Mr. Speaker, but I assure you it is not.

John Drysdale began his address by claiming he agreed with the objectives of the bill and then continued on to prove he did no such thing.

He pointed out that banks do not lend money at six per cent interest.

Mr. Speaker: I am afraid the hon. member is trespassing on the credulity of the house in using words which are obviously not his own. In accordance with the rules, I really do not think he can use the editorial, since it reflects on some action of his own in the house. If he complains about what a newspaper said he is in order to raise the matter as a question of privilege at the proper time.

Mr. Broome: Mr. Speaker, would it be in order for the hon. member to speak in the debate, and then when he has closed off any further remarks he wishes to make in regard to the debate, to proceed on the question of privilege?

Mr. Speaker: I will deal with that when it arises. Perhaps I might give the hon. member this assistance. If he wants to indicate to the house the substance of what has been said about his statement, without attributing it to anyone, and it is relevant to the bill, I would not object to that procedure.

Mr. Drysdale: Thank you. I will not pursue the dilemma that I seem to be placing the house in at the present time. Perhaps I might paraphrase the effect of the editorial. The objection that I had to it primarily, sir, was that the length of the editorial is approximately the length of my interrupted speech and it ascribes to me certain points of view on the interest rate which I feel are inimical to the stand I took. The editorial continues by taking out certain phrases from the small speech that I made and then taking these particular phrases to back up or substantiate a preconceived conclusion that they had already reached. I felt it was extremely important, because the matter is of a great deal of interest to the people in my riding and to the people of Canada generally, and when a point of view is ascribed to me, to which I do not adhere, as stated in the

editorial, I feel that I should take the opportunity of clarifying the matter.

In substance the editorial adopts the attitude that the 12 per cent rate of interest is quite justifiable. At the beginning I pointed out to the hon. member for Assiniboia (Mr. Argue) that I agreed with the objective of the bill but I had great difficulty in ascertaining where he obtained the 12 per cent figure. These are some of the phrases used by the hon. member in 1957, as reported at page 1897 of *Hansard*, in reference to the 12 per cent rate:

> Certainly loans made by the chartered banks to a great many credit unions in the country, money loaned under the Farm Improvement Loans Act, the National Housing Act or the Canadian Farm Loan Act, all carry lower rates of interest.

He meant lower rates than 12 per cent. He went on to say:

> I believe the terms of the bill are moderate. I think the suggested rate of 12 per cent per year is certainly as high as any rate should be.
>
> Another reason why I suggest that rate is that many credit unions in Canada charge a rate of approximately that amount.

That is the only positive statement he made as to how the 12 per cent rate was established. Again, speaking on the same bill on January 10, 1958, at page 3164 of *Hansard*, the hon. member said:

> The 12 per cent interest rate provided in this bill is, I think, high. Some hon. members on previous occasions have said that the rate should be lower and I think a good argument could be made in this respect, but this rate was proposed because it seemed to me that it was so reasonable that very few hon. members could oppose it.

Again, arguing in the debate on June 5, 1958, as reported at page 858 of *Hansard*, the hon. member said:

> I do not think it can be successfully argued that a rate of interest should be in excess of 12 per cent per annum. As a matter of fact, I think 12 per cent is itself rather high but I have placed the ceiling in that amount in order to appeal to hon. members to do something about this problem.

In other words, the analogy, or the idea, that the hon. member for Assiniboia uses to establish the basis is that he looks on the credit unions as establishing the rate of 12 per cent. However, I would like to refer to the report of the royal commission on co-operatives in 1945, and specifically appendix E, which starts at page 239 and deals with the development and operations of credit unions—caisses populaires—in Canada, and in particular at page 242:

> A credit union (caisse populaire) may be defined as an incorporated group of people with some well defined tie of association, occupation or residence, who pool their savings in the form of shares and deposits and out of the fund so accumulated, make loans to members only for purposes which are considered to be provident or productive.
>
> The affairs of a credit union are administered by three committees appointed by and from the members, namely, a board of directors, a credit committee and a supervisory committee.
>
> The board of directors must rule on all applications for membership, each application being endorsed by at least one director. In addition, the directors determine the maximum individual share holding and the maximum individual loan which may be made with or without security, subject to the provisions of the act, determine interest rates on loans and deposits, declare dividends: (subject to the approval of the general meeting); have charge of investments, other than loans to members; fix the form and amount of security of officers and employees handling money; and fill vacancies on the board of directors or of the credit committee until the next annual meeting.
>
> The legislation requires the credit committee to pass on all loans and determine the rate of interest and security in each case. The directors may fix the maximum rate which may be charged from time to time.
>
> The supervisory committee examines the books and accounts at least quarterly, makes an annual audit and reports thereon to the annual meeting. The supervisory committee may also suspend any officer and call a meeting of the credit union to report on such suspension.
>
> There are thus three committees in each credit union, with well-defined functions. The exceptionally low loss record of credit unions is probably partly due to this three-way system of checks, balances and administration. Another factor is that the tie of residence, association or community which must form the basis of credit union membership, seems to be conducive to a careful selection of members and results in a certain similarity of credit problems.
>
> Another factor is that of the loyalty of a credit union member to his group. When he borrows money from his credit union he tends to remember that he is borrowing the money of his friends and neighbours. Another factor responsible for the low loss rates of credit unions is undoubtedly that all credit union legislation makes provision for at least an annual inspection of each credit union by the registrar or other government official concerned with the administration of the legislation.

Further on there is the following:

> Most of the loans made by credit unions are for the purpose of meeting current expenses of the members, although as the resources increase, mortgage loans may be made.

The point on which I have taken issue with the hon. member for Assiniboia is the fact that his whole argument is based on a 12 per cent rate of interest and as far as I can gather from the arguments he has put forward in the past three years he has established that rate only from the fact that it is the rate charged by credit unions which are on a much different basis, are much more selective, examine loans made to their members much more closely than the ordinary investor or finance company can and therefore have much more stringent control over the individual member. In fact, Mr. Speaker, even within the credit unions themselves loans, in addition to being made very carefully, generally have a provision whereby the note is endorsed by at least two members of the association. The act itself provides that

if the directors make the wrong type of loan they are in fact responsible for making the necessary repayment.

By taking an extremely unusual group such as the credit unions and adopting the 12 per cent rate of interest the hon. member has in my opinion failed to look at the realities of the situation. I feel that the result, although not intended by the hon. member, would be just the opposite. In other words, there would be a tremendous increase in loan sharks and the number of people trying to circumvent the legislation because people would not be inclined to take the great risk involved in lending money at 12 per cent.

The editorial to which I referred earlier emphasizes some of the types of individuals who borrow money from loan companies. In contrast, the credit unions scrutinize prospective members thoroughly and to a large degree seek them out for their honesty and responsibility. On the other hand, the loan association estimates that at least 20 per cent of the people who borrow from such companies require special consideration.

I referred earlier in the discussion to the fact that I was a lawyer and that in my earlier days as a young lawyer I had had occasion to follow up some of these people. The thing that amazed me was the extent of irresponsibility of the people who got that far. Although there is not too great respect, shall we say, held for lawyers when they are pursuing people on such matters, personally I took the attitude that I would try to get them to come and see me so that I could talk over the matter with them, point out that they had contracted an outstanding debt and that the best thing for them to do was to try to pay it off.

Very often there were cases where service of papers was involved. I can think of some instances where I telephoned the man concerned and said, "If you come into my office on Tuesday we can save you at least the $5 costs involved in serving the papers." I can remember an instance where the person came in on Friday. He apparently had not bothered to take the trouble to come in before and had just decided that he did not want to make the saving. I had a great deal of difficulty in understanding that attitude. I should like to clear up the impression created by the newspaper editorial. There are many good, responsible Canadian families who at times have to obtain small loans from the loan companies but I do want to accentuate the matter a bit with my own personal experience that not all people who borrow from loan companies are highly virtuous and respectable.

When I started out to practice as a lawyer I also had the experience of following up members of a particular credit union. Several of them would perhaps move away, forget their problems and leave the two endorsers on the note with the responsibility of paying it. I think the hon. member for Assiniboia has not disclosed in any of his speeches on this subject during the past three years a realistic approach as to what would be a sensible rate of interest. He has merely reached out, taken a figure which he assumed would be suitable because of the specialized case of credit unions and has endeavoured to hold on to that figure very rigidly. Although he talked at great length about various iniquities, he has done nothing to support a figure of 12 per cent.

There is another factor that bothers me a great deal. Because of the risk involved to the various lending agencies, I would assume that in all likelihood the 12 per cent figure he has suggested as a maximum would tend to become the figure that prevailed. We would have a rather unfortunate situation in that regardless of the size of the loan, whether it was $300 or $3,000, the 12 per cent figure would still apply. I feel that the hon. member did not take this into consideration and that this is another indication of his relatively unrealistic attitude.

In order to clear up the difficulties as far as the editorial is concerned and the misrepresentation I felt was attributed to me, I should like to emphasize that I am in favour of having interest rates reduced but I do not feel that can be done until there is some realistic evidence to justify the establishment of a lower rate.

Mr. M. W. Martin (Timmins): Mr. Speaker, since I spoke on second reading of the bill an amendment has been moved which gives me the opportunity to rise again today to clear up a few misunderstandings that may have been inadvertently brought about by the hon. member. I should also like to refer to another case which I think should be placed on the record. When the hon. member read from the report of the investigating commission he mentioned the 12 per cent per annum rate of the credit unions. To clear up any misunderstanding, this is the maximum rate permitted to credit unions but in actual practice the rate charged is not nearly that high.

I think the easiest way to explain it is to take a unit of $100. If you borrow $100 from a credit union and keep it for one year you will pay $12 but if you pay it back in 12 equal instalments the interest charged will only be $6.66. Most credit unions pay an interest rebate at the end of the year according to the profit the credit union has made and there is a further reduction there. In

the credit union with which I was associated as treasurer for four years the rate of rebate was 15 per cent which reduced the interest rate to $5.67 on $100. Therefore it can be seen that while the interest rate is based on a maximum of 12 per cent per annum in actual fact it does not come anywhere near that figure.

In his report he mentioned the various committees—the board of directors, the credit committee and the supervisory committee—and he mentioned that the credit committee has authority to set interest rates. That is true in one sense, but it only has authority to set interest rates from 12 per cent downward, not from 12 per cent up.

With regard to the suggestion that credit unions are a privileged group, I do not think that is actually so. But from my experience of these credit unions I know of many cases where members have been taken out of the hands of the finance company, sometimes after they have been there for many years, and after only two or three years in the credit union, with the advice and assistance given by credit union officials they have been able for the first time in many years to find their way out of the dilemma they were in. I rather resent the remark the hon. member made about the irresponsibility of some people. I think, in all fairness, it is not so much irresponsibility as a complete loss of hope. Many who have been in debt to finance companies for five, ten or fifteen years, year after year, find themselves reduced to despair.

The other matter I should like to mention today has to do not with finance companies, not with money borrowed to buy luxuries or anything of that kind, but with people buying groceries, the very basic staples of life. I have run across a case where a big chain store—not one of the national chain stores, but still a big chain store—is being very accommodating to its customers, permitting them to buy on a pay-to-pay basis and then, with the excuse that the store itself has to borrow money to pay for its stocks, charging what at first sight may be regarded as a very low interest on the loans, namely three per cent. But it should not be forgotten that there are 26 pay days in a year, and on this basis the rate of interest actually works out at no less than 72 per cent per annum.

In many cases people do not realize what is happening; they are lulled to sleep by fancy advertisements. They do not realize what they are stepping into. I became interested in this matter, so I went into it a little further. I found out that the situation is even worse than it at first appeared, because it is not even three per cent, it works out at one cent interest on the first 18 cents. So if I go into the store today and buy groceries, and tomorrow is pay day and I pay my bill, one per cent on 18 cents works out to the astronomical figure of something like 2,000 per cent a year. This is a fantastic figure and it should be prohibited in this country. This is the purpose of this bill. Those who support it are trying to put a stop to these practices which are bleeding people white without their realizing what is happening. I think this bill should definitely go back to the committee so that we may find out how many times situations of this kind are being repeated across Canada, and put a stop to these practices once and for all.

Mr. McCleave: I wonder if I might ask the hon. member a question? Was the 5.37 per cent the effective rate paid on the $100 lent by the credit union? How did the hon. member arrive at that particular figure?

Mr. Martin (Timmins): That is the actual interest paid. In a credit union, on very rare occasions does one get any term loans. It is usually worked out on the basis of what a member is capable of paying, and calculated on the basis of one per cent per month. That is what $100 would cost, paid off in 12 equal instalments with the rebate back at the end of the year.

Mr. R. J. McCleave (Halifax): I thank the hon. member for that information.

Mr. Speaker, when this matter was brought before us on June 5, the hon. member for Assiniboia (Mr. Argue), the sponsor of the amendment to the Interest Act, spoke about "the men in grey suits". I would go a little further this afternoon, bearing in mind the tales that have been told today and in the previous debate, and call them "the men in the grey fleece suits".

What is the *modus operandi* of the interest shark? I would say it was an ability to play very cleverly on the nerves of potential ulcer sufferers in Canada. The snare and delusion with which he traps his victim is the promise of soothing treatment to a man or woman harassed to death by debts and anxious to consolidate them and, instead of having 25 letters a month coming to the door demanding payment, to get only one instead. And once the prey is well and truly trapped, if he falls behind in interest payments the suggestion that may be made to him is to use the same remedy all over again—to consolidate that debt, both principal and interest together, into the new loan. And so it goes on, with the 24 per cent interest snowballing downhill and dragging the unhappy sufferer along willy-nilly.

It seems to me I might perform a useful service to the people of Canada who suffer from the too rapacious demands of some loan companies to remind them that sometimes it is much better to be sued and to suffer judgment rather than sign a new note which puts them in the 24 per cent interest category, for although submission to judgment may affect credit standing, the people who go to loan companies probably have little or no credit standing anyway. As I say, it might be better for these people to accept judgment and then pay six per cent interest on that judgment rather than continue to pay 24 per cent. I throw this advice out in a modest way, to whoever may be in the hands of loan companies.

One of the useful pieces of literature associated with the subject is prepared by the superintendent of insurance for Canada who finds himself seized with the task of reporting to parliament on the activities of small loans companies and moneylenders. We have the report of this gentleman for the year ending December 31, 1956, and I believe we may expect the report for 1957 some time around the end of this year. I notice that the last report of Mr. K. R. MacGregor was dated November 1, 1957. I have examined the figures, and though I pretend to be no accountant—no expert at going through company statements—I find this fascinating reading. Take, as an example, the case of a company which enjoins Canadians never to borrow money needlessly. As of the end of 1956, the total amount of money out on loan at 24 per cent interest—this was before the last change in the Small Loans Act—was just under $50 million; in fact, it was $49,866,095. Assuming that all that money were out at any given point during the year and collecting 24 per cent interest, the total amount of interest from it would be just under $12 million. Actually, I calculated it to be $11,967,862.

Looking elsewhere in the accounts of this company as reported to parliament I find that the actual income earned on those loans was just a trifle less, namely $11,806,865. The house may be interested in the difference between those two figures. It is $160,997. In short, that figure is approximately one per cent of the total amount of interest earned by the company. It would suggest to me—although perhaps I may be wrong and may not be reading the balance sheet correctly—that these companies are very efficient when they lend money at 24 per cent and are able to get it all back. It also suggests to me that the potential which they have to lend out is in fact lent out, because of the $160,000 figure which indicates that they are just about getting the maximum use of the money for which they have potential loan customers.

Reading elsewhere from the balance sheet, I would suggest to any committee which is charged with studying this matter that the reserve for bad loans of these companies is probably too high in the light of the figures I have just given the house. However, I think the house should also know that while the major loan companies are extremely efficient in their transactions, there are smaller companies in the business of making small loans and their fate is not always a generous one. The big companies seem to take the cake in this business. For example, at page 52 of Mr. McGregor's report for the year 1956, I find that 71 companies which were in the small loans business during 1956 had a loss of $292,204 on their operations. It is true that these companies were in other fields and on those operations they made $4,637,546. But at least the figure of the loss on small loans indicates that there is some danger in this field.

My hope would be that this matter would go before the committee as recommended in the amendment of the hon. member for Kenora-Rainy River (Mr. Benidickson) and I am going to support his amendment for that reason. It may be that we have even another remedy and that is to examine the English law on this matter. I do not know the constitutional implications, whether it is a jurisdiction of the federal parliament or of the provincial legislatures but I think the matter is worth looking into. As the house perhaps knows, under the English laws relating to usury I do not believe there is any particular ceiling on the amount of interest that can be charged but there is a good healthy provision that courts may be enabled to look into the whole transaction.

Yet another possible suggestion on this matter is that this and all other matters of credit policy be studied by a royal commission such as the one which was set up in Canada some 25 years ago and which led to the setting up of the Bank of Canada. As has been suggested by the premier of New Brunswick, Hon. Hugh John Flemming, such a royal commission could be charged with a good many tasks, among them the problems of Canadians in obtaining credit.

My final suggestion to the hon. member for Assiniboia and his supporters is that perhaps they might give serious consideration to amendments to the Bank Act. I am informed that at the present time the banks make no profit in the small loan business. Perhaps that is the reason why they have allowed these finance companies to spring up. They find it difficult to operate small loans departments on the 6 per cent interest that is

allowed. Even if they are successful in obtaining back all the money that they loaned out under small loans to customers, they still do not find it profitable for the time of the supervisors and the employees would have to be charged up against such operations.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, the hon. member for Kenora-Rainy River (Mr. Benidickson) moved an amendment to refer this bill to the banking and commerce committee.

However, I should like to say a few words on the purpose of this bill, which is to limit to 12 per cent a year the interest charged by some finance companies.

The Interest Act, as it is drafted just now, sets no limit on the interest which can be charged in Canada. In certain fields, limitations are imposed with respect to the interest rate but they are provided for by special legislation.

An analysis of loans under the Small Loans Act, the Farm Improvement Loans Act, the Bank Act, and so forth, reveals that there is no legal limit to the interest rate which finance companies may charge at the present time and anyone is free to make a loan to an individual at any rate of interest agreed by the two parties. It is also legal at the present time for a finance company to charge all costs which may be agreed upon between the purchaser of an article and the company.

No limitation is provided for in the case of the interest rate which a business undertaking can charge to finance its instalment sales. The bill now before us would set a limit with respect to the interest on all loans made for instalment buying. Like the other bill on the order paper concerning the Small Loans Act, this bill would restrict the interest rate at 12 per cent annually. If the interest rate of 24 per cent a year charged on small loans is too high, the rates of 25 per cent, 30 per cent or 40 per cent charged by some finance companies are obviously fantastic.

To have to borrow money at that rate of interest is a dreadful thing for hundreds of thousands of Canadians.

Some large commercial businesses are charging today, in Canada, for instalment purchases, a rate as high as 54 per cent a year.

The interest which government bonds yield now is in the neighbourhood of 3 per cent.

The huge sums of money now being loaned under the National Housing Act are loaned at an annual rate of interest of about 5 per cent. The rate of interest prescribed under the Farm Improvement Loans Act is 5 per cent a year. Bank loans yield in the neighbourhood of 5 or 6 per cent per year.

If this maximum of 24 per cent charged for small loans is too high and must be lowered, an interest of 30 or even 40 per cent charged by some commercial companies is certainly exaggerated. In fact, it is four times and even eight times higher than the interest rate charged by the banks. The borrowers from those lending institutions are, in the main, the ones who can less afford such a high interest. Most of them are workers.

I am in favour of this bill to limit the interest rate of finance companies and great commercial businesses. I am supported in this by labour unions such as the CTCC which has an important branch in my constituency and whose president, at Joliette, is Mr. Marcellin Ferland.

The interest charged on loans granted to the lower income groups should be reduced to a level comparable as much as possible to the rate of interest charged borrowers who are considered to be better risks.

Say what you will of the differences that must exist between interest rates, I maintain that the disparity between an interest rate of 6 per cent asked by the banks for ordinary loans and of 24 per cent for small loans—and even 28, 30, or 40 per cent for larger loans—which is charged by some finance companies is certainly much too high.

In this country, credit unions lend money to their members at a rate of one per cent a month. In this way they can accumulate savings and pay rebates. May I also, in this house, give credit to the Caisses Populaires founded in 1900 by Mr. Alphonse Desjardins, of Levis (P.Q.), and which have multiplied throughout Canada.

The slogan of these credit unions is "All for one and each for all".

There are several credit unions in my riding, and they are partly responsible for the present development of home-building.

If today a number of workers have become house-owners, it is thanks to the credit unions and the provincial law of Quebec with regard to the family home. I would strongly encourage all classes of society to go and deposit their savings in their local caisse, or union. This money helps all groups, and more especially the working class.

The number and the size of the deposits increase the confidence of the owners and the very low rates of interest attracts prospective borrowers and prevents them from falling into the nets of the lending companies.

How many workers and large families have been able to settle their housing problem thanks to credit unions?

Allow me to pay tribute to hon. Senator Cyrille Vaillancourt who has shown an exceptional devotion to the Quebec credit unions. His nobility of heart, his magnanimity and his work have allowed credit unions to spread throughout the country and to become the pride of Canada. In my constituency, in the town of Joliette, credit unions are prosperous. Their boards of directors are made up of serious and devoted men and their managers, notably Mr. Marcel Gravel and Mr. Albert Lajoie, are hard working men.

Mr. Turgeon, the manager of the Caisse Populaire de L'Assomption is a credit to his board of directors.

In Montcalm, credit unions are equally prosperous.

There are about 4,500 credit unions in our country, which lend more than $300 million to more than 1,700,000 members. The number of credit unions and the scope of their operations are ever increasing. For instance, in 1948, there were only 2,600 of them with 850,600 members. The credit union system is more flexible than that of any other finance undertaking, as far as borrowers are concerned.

They also do a fine educational and moral job by tying their financial activity with the campaign against obscene literature, for example.

There are also the rural establishment banks instituted by the clergy of Quebec and by the UCC. They make loans at a very low interest rate to sons of farmers wishing to settle on a farm and thus complete the provincial farm credit system that lends money at a record low interest rate of 2½ per cent.

Credit is vital to any nation wishing to develop. Our prosperity depends upon it in large measure. A reasonable interest rate would not only permit more Canadians to satisfy their needs but would increase the purchasing power.

I hope this legislation will be adopted, as it will facilitate loans at a reasonable rate of interest. Unfortunately, low wage earners must pay high interest rates while people of means can borrow at low rates. I do not suggest that it is possible to achieve uniform rates, but I say that the discrepancy between the two is too sharp at the present time.

Loans have become more and more important in Canada through the years. A table showing the total earnings made on small loans granted by finance companies dealing with this type of business reveal that in 1941, for instance, they have earned $1,642,000. In 1946, their earnings jumped to $2,926,000, and we could go on with further examples. Unfortunately, I do not have figures for the last few years, but I am sure the increase must be nearly twice as much. This increase shows the rapid development of the Canadian economy and the still quicker expansion of loans in our national economy.

Loans being very popular, it is only consistent to discuss a reduction of interest rates. Some people will say that if the interest rate is lowered, however worthy the aim, a lot of people who could up to now obtain funds from the loan companies, will be forced to apply to loan-sharks . . .

(Text):

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but it is now six o'clock.

COAL

NOVA SCOTIA—STATEMENT ON REPORTED CUTBACKS AND MINE CLOSURES

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I should like to make an announcement with respect to action being taken by this government to meet a serious problem in Nova Scotia. Over the last several weeks representations have been made by the members for Cumberland (Mr. Coates), Inverness-Richmond (Mr. MacLellan), Cape Breton North and Victoria (Mr. Muir), Pictou (Mr. MacEwan) and Cape Breton South (Mr. MacInnis) with regard to the question of the rising unemployment situation in the coal areas of that province.

To summarize the general position I wish to say that the Dominion Coal Company has been for some time maintaining abnormally high stockpiles of coal and because of this fact has recently announced immediate lay-offs of 25 days in addition to the period of regular holidays for which latter period the employees received pay.

Even in the face of those reductions in working days, the company has estimated, and that estimate has been confirmed by the dominion coal board, that by the end of the year 1958 there would be in stockpile 750,000 tons of coal in excess of the normal average carryover.

The company has advised the government that it would be necessary to extend lay-offs beyond the above mentioned periods with a view to reducing the stockpile at the end of

the year to approximately the average amount of the normal carryover in previous years. As these hon. gentlemen to whom I have referred have pointed out, if this action were taken it would result in over 9,000 men being out of work in the coal fields, thereby constituting a serious hardship to them and their families and, in general, much economic loss to the province of Nova Scotia as a whole.

Discussions have taken place between the representatives of the company, of the labour union, of the Minister of National Revenue (Mr. Nowlan), who is himself a member from Nova Scotia, and of course always with the concurrence of and in the presence of the Minister of Mines and Technical Surveys (Mr. Comtois) and those discussions yesterday culminated in the meeting to which I made reference earlier today. At that meeting company officials undertook that at the end of the 25-day lay-off already announced the company would continue its normal operations providing it is compensated for the additional cost to which it would be put to maintain the excess over and above the normal stockpile.

After full consideration and on the recommendation of the minister of mines the government has decided that in order to help maintain employment the subvention policy now in existence will be extended so as to include among the cost audit items to be determined by the comptroller of the treasury the amount of the insurance stockpile and interest charges of the excess coal stockpiled this year and the government of Nova Scotia has agreed to share in these additional costs with the federal government. I am glad to report that this action will result in the company being enabled to maintain at a high level employment in the coal mines it operates.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we were very glad to hear of this move to provide continuous employment for these employees. Would the Prime Minister (Mr. Diefenbaker) consider some action along the same lines in co-operation with the government of British Columbia to assist the idle coal miners in that province?

Mr. Diefenbaker: I would point out, Mr. Speaker, that in this case there is a very large stockpile far in excess of the normal carryover and it was on that basis that this action was taken. In the case mentioned by the hon. gentleman I can only say that naturally consideration would have to be given on the basis of existent economic conditions within the company and the degree to which there is an excess. These would necessarily be matters to be considered in determining what course should be followed in the case of the mines to which he has made reference.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire from the leader of the house what the business will be on Monday? Will he tell us what items of government business will be called on Tuesday?

Mr. Green: Mr. Speaker, on Monday we intend to move to go into supply. There has been no agreement reached that that motion will be dealt with within one day. Should we get into supply on Monday we would take the estimates of the Department of Public Works, a few of which remain to be dealt with, and then those of the Department of Agriculture.

In the event that we do get into supply on Monday we would take on Tuesday, first, item No. 15 on today's order paper, which provides for setting up a sessional committee to deal with government-owned railways and shipping; then item No. 5, the second reading of the act to incorporate the lakehead harbour commissioners; then item No. 4, the second reading of the act to amend the Lake of the Woods Control Board Act; then item No. 12, the resolution concerning the Yukon Act, and item 11, the resolution concerning the Cape Breton Highlands national park. By the way, the departments which it is proposed to call are defence production, fisheries and mines and technical surveys.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

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

PUBLIC BUILDING, NEWCASTLE, N.B.

Question No. 97—**Mr. McWilliam:**

1. What was the amount of the tender award for the federal public building now under construction at Newcastle, New Brunswick?
2. What is the estimated additional cost over the tender price resulting from a change in plans?
3. What is the target date for completion of this building?
4. What party is responsible for the inspection duties?
5. Was preference given to local persons and veterans preference followed when the selection of an inspector was made?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

Questions

1. $342,000.
2. Additional expenditure of $20,831 for revised foundation work to meet site conditions.
3. By end of December, 1958.
4. Ross, Patterson, Townsend and Fish, architects, of Montreal, P.Q., who also prepared the plans and specifications for this project, and district architect.
5. The terms and conditions of appointment of these architects require them to assign, at their own expense, a clerk of works (inspector) who is to provide constant supervision. The selection of this employee is the responsibility of the architects.

BANKRUPTCIES

Question No. 102—**Mr. Denis:**

How many bankruptcies have there been in Canada, each year since 1950, by provinces?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

NUMBER OF BANKRUPTCIES IN CANADA

Provinces	1950	1951	1952	1953	1954	1955	1956	1957	Total
Newfoundland	3	6	9	5	4	9	12	17	65
Nova Scotia	14	10	16	9	18	10	8	21	106
New Brunswick	17	22	13	14	20	16	18	16	136
Pr. Ed. Island	6	3	—	1	3	3	2	2	20
Quebec	972	1,011	1,102	1,186	1,665	1,791	2,149	2,554	12,430
Ontario	170	198	216	256	397	414	505	684	2,840
Manitoba	14	15	13	28	19	26	24	29	168
Saskatchewan	9	13	8	17	28	35	30	35	175
Alberta	14	14	10	34	42	42	43	62	261
British Columbia	56	57	47	67	69	68	58	66	488
Total	1,275	1,349	1,434	1,617	2,265	2,414	2,849	3,486	16,689

TRANS-CANADA HIGHWAY, MARITIME PROVINCES

Question No. 104—**Mr. Michaud:**

1. How many miles of trans-Canada highway will there be in (a) Prince Edward Island; (b) Nova Scotia; (c) New Brunswick?
2. How many miles of this highway have been completed in each of these provinces?
3. How many miles are presently under construction in each of these provinces?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. (a) 71; (b) 311; (c) 390.
2. Completed under the trans-Canada highway agreement: Prince Edward Island, grading 70 miles, paving 67 miles; Nova Scotia, grading 95 miles, paving nil; New Brunswick, grading 118 miles, paving 81 miles.
3. Presently under construction: Prince Edward Island, 4 miles; Nova Scotia, 30 miles; New Brunswick, 57 miles.

HOUSE OF COMMONS

Monday, June 30, 1958

The house met at 2.30 p.m.

MINES, FORESTS AND WATERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. J. W. Murphy (Lambton West) presented the second report of the standing committee on mines, forests and waters, and moved that the report be concurred in.

Motion agreed to.

HEALTH INSURANCE

ANNOUNCEMENT OF SIGNING OF ADDITIONAL AGREEMENTS

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to make an announcement to the house at this time. In the past few days agreements under the Hospital Insurance and Diagnostic Services Act have been concluded with four additional provinces, British Columbia, Alberta, Saskatchewan and Manitoba. As was the case with that signed earlier this month with Newfoundland, the effective date of these agreements is July 1. In view of the fact that royal assent has now been obtained for the amendment to the related federal legislation, the dominion government will therefore be in the position as of tomorrow to begin payments towards the cost of hospital insurance plans in these five provinces.

In other words, our objective of getting the program under way in all provinces wishing to participate as of July 1 has now been achieved. I think it is highly fitting that an undertaking of such importance to the people of Canada should be launched on the nation's birthday.

I might say that the basic agreement entered into in each case is substantially the same. As hon. members may know there are, however, areas of the act in which the provinces are permitted leeway in developing their programs. Accordingly certain differences occur in provincial plans, and these are reflected in the schedules of the agreements which have been completed.

In all cases the basic inpatient services enumerated in the federal act are provided for. In this connection the provinces of British Columbia and Alberta propose to impose an authorized charge. An authorized charge is a levy made on an individual at the time a service is provided, and as far as British Columbia is concerned this will amount to $1 per day for hospital care. In Alberta the authorized charge will be $1 per day for new-born infants and from $1.50 to $2 per day for others, depending on the size of the hospital. The other three provinces are not imposing such charges.

With regard to outpatient services, the Manitoba and Saskatchewan plans will make these available on an emergency basis. In addition, Saskatchewan will provide for the pathological examination of tissue. The agreements with Alberta and British Columbia do not contain provisions for outpatient services. British Columbia, however, will continue to supply an emergency service to outpatients and will levy a $2 authorized charge in this connection. As previously indicated, Newfoundland proposes to furnish a fairly wide range of out-patient services.

Hon. members will recall that four of the five provinces now entering into shared programs with the federal authority have been operating provincial hospital insurance plans of one kind or another for the past few years. It is hoped that the support now available through the contributions of the dominion government will enable them to extend and improve further the hospital and diagnostic services which are available to their residents under this program.

On behalf of the dominion government and officials of my department I should like to thank these provinces which tomorrow will join with the dominion government in initiating this nation-wide program of hospital insurance for the fine spirit of co-operation which they have shown in bringing these agreements to completion. To me the pattern of joint effort developed in this connection augurs well for the future of this major federal-provincial undertaking in the health field. I am sure hon. members will join with me in wishing these five provinces success in directing their plans to the benefit of all their people.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the minister a question. Will he tell me who signed the agreement on behalf of the province of Manitoba?

Mr. Monteith (Perth): Hon. R. W. Bend.

R.C.M.P.—Drowning of Five Members

ROYAL CANADIAN MOUNTED POLICE

FURTHER STATEMENT ON DROWNING OF FIVE MEMBERS OF FORCE

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on June 12 I made a statement to the house concerning the tragic accident on lake Simcoe on June 7 in which five members of the Royal Canadian Mounted Police lost their lives. The statement appears at page 1064 of *Hansard* for that date.

Now that the inquest has been completed there are certain further observations I feel I should make to the house, particularly as there would seem to be some discrepancies between the facts contained in my previous statement and the evidence given at the inquest. That inquest was in form of an inquiry into the cause of the death of Corporal Smart, whose body was the only one recovered at that time, but it was in effect an inquiry into the cause and circumstances of this whole disaster.

In the first place I should like to read into the record the actual text of the finding of the coroner's jury:

> We, the jury, find that Corporal Herbert Smart met his death by accidental drowning on lake Simcoe, off Georgina island, on the night of June the 7th, due to rough sea caused by storm, failure of motor, causing boat to swamp.
>
> We, the jury, found by testimony and observation of test that boat on night in question was overloaded and also overcrowded, and at the same time, on our discussion, this plaque of Canadian Boating Federation Incorporated and Department of Transport is confusing of proper maximum weight.
>
> With further regard, on observation of test made on Black river with two experienced swimmers, that we find the Department of Transport standard life jacket and approved Department of Transport life cushions to be unsatisfactory in case of emergency. Therefore, we, the jury, strongly recommend that a life jacket type vest is the most serviceable.
>
> We, the jury, recommend that the plaque issued by the Canadian Boating Federation Incorporated, Department of Transport and boat manufacturers read that gross weight to include motor, passengers and all equipment and that greater consideration be given to calculation of gross weight.
>
> We, the jury, recommend that a compass be added to all boats operating at night.
>
> We, the jury, recommend that the book called "Safety Afloat" be made readily available to the boating public.
>
> We, the jury, strongly recommend that more common sense be used on the operation of boats with respect to all waters.

The information previously given to the house by me may now seem to have been inaccurate in respect to the load limit of the boat in question and the weight it was actually carrying on the night of the accident. If I seem to have misled the house in any degree this was done quite unintentionally, and resulted from misunderstanding or lack of information on three points, which I am now glad to clear up.

[Mr. Monteith (Perth).]

(a) The R.C.M.P. had interpreted the load limit of the boat as being 975 pounds exclusive of the power unit.

(b) The weight of the clothing and equipment worn by the men was estimated at 8 pounds per man, a figure usually taken for this purpose. It now seems that the total weight of personal clothing and equipment may have somewhat exceeded the 40 pounds calculated by the police—we cannot as yet be sure of the exact weight.

(c) A tarpaulin weighing 14 pounds 12 ounces, an anchor, and an anchor rope, are now understood to have been carried in the boat. At the time I gave my earlier statement, it was not known that the boat was carrying these items, and they were therefore not included in the police weight calculations, although they were in the figures produced at the inquest.

The police calculations upon which my statement was based were therefore as follows: Weight of men, 860 pounds, and I should say here that is the actual weight as established from the personal records and as produced at the inquest; weight of clothing and personal equipment was 40 pounds, making a total of 900 pounds, and leaving a 75-pound margin to cover other items of equipment in the boat exclusive of the power unit.

The weight of the other equipment at that time known to have been carried in the boat, exclusive of the power unit, totalled 52 pounds 12 ounces, and it was on that basis I said that the weight carried was within the 975 pounds maximum weight authorized.

It now turns out also that we underestimated somewhat in using the standard estimate of 8 pounds per man for clothing, etc., worn or carried on the person. Such items as one overcoat, revolvers, and handcuffs had been overlooked.

The previous police estimate on which my statement was based should therefore have been increased by the following weights as established at the inquest:

Extra allowance for clothing and personal equipment	15 lbs.
Anchor and rope	20 lbs.
Tarpaulin	14 lbs. 12 oz.
Total	49 lbs. 12 oz.

On this basis the total actually carried will be seen to have been somewhat over the presumed limit of 975 pounds.

If, however, we deduct the three items of equipment not previously known but now presumed to have been carried that night, namely tarpaulin, anchor and rope, the gross weight is again reduced to 967 pounds 12

ounces, or 7 pounds 4 ounces below the 975 pounds then understood to be the carrying capacity of the boat.

But the main cause of the discrepancy was, of course, the interpretation of the words used as to the maximum carrying capacity of the boat. The jury itself found that the wording on the plaque issued was confusing on this point, that is as to whether or not the 975 pounds load limit shown was inclusive or exclusive of the weight of the power unit. The R.C.M.P. had taken it that the weight of the power unit was not included in this figure and evidence to this effect was given by them at the inquest.

The wording on the plaque is as follows:

> This boat is built to safely accommodate under normal operating conditions a gross load of
> MAXIMUM WEIGHT 975 LBS.
> and an outboard motor of not more than
> HORSEPOWER (Mfrs. Rating) 35 hp.

I must point out that the police wrote to the Peterborough Canoe Company, makers of the boat, as late as February 10, 1958, inquiring as to the issuance of a plate stating the number of persons the boat could safely carry and the horsepower rating of the motor which should be used. The company replied under date of February 11 and said that the Department of Transport and the Canadian Boating Federation were in fact working together with the manufacturers to arrange for maximum load and horsepower ratings for various boats. The company went on to state as follows:

> It is our understanding that the plaques are now in the possession of the Canadian Boating Federation and we hope to have our supply in the not too distant future and would be very pleased to supply you with the necessary plaques to attach to your boat but it would be necessary for us to have the serial numbers of the two boats in question, and if you could send these to us at your convenience we would, as soon as the plaques are received, make out two plaques for you and you could attach them to the boats.
>
> The Royal of 1956 is not the same boat as the Royal of 1957 or 1958 and it is more to the specifications of our 1958 Nomad. The Venus for 1957 and 1958 are identical and the rating on this particular boat is 975 pounds gross load capacity and 35 horsepower for the motor.

The boat in question in this accident is the Venus referred to in the above quotation. The plaques were in due course received and, on the basis of the phraseology used thereon as well as the correspondence to which I have referred, the R.C.M.P. concluded, and I think not unreasonably, that the 975-pound limit was exclusive of the power unit.

I have gone to some length in explaining these facts, as I should like the house to understand that the figures previously given were honestly computed both in the light of the facts as we had them then and of the best estimates we could make at that time.

Turning now to the finding of the jury that the boat was overloaded and also overcrowded, there are a number of points touching on this issue which I think might be borne in mind:

(a) When the boat left the mainland on its fatal trip the weather was clear, there was a light wind blowing and the water was only slightly choppy.

(b) There was no apparent reason for the boat to be more than five minutes run from land at any time.

(c) Corporal Smart, the non-commissioned officer in charge was an experienced, self-reliant N.C.O. and he had some time previously turned back from the same stretch of water when he faced what he thought was an unacceptable risk.

(d) Corporal Smart had eight men under his control on the night in question and he had a responsibility for using these men as circumstances seemed to dictate.

Earlier in the evening his party had made four arrests for drunkenness, and it was his plan and his duty to visit Georgina island and check on conditions there later that evening. Just what action he would take was to be dictated by circumstances and by such information as might come to him. It is a matter of record that aside from arrests for intoxication, four people in the area had been convicted for supplying liquor illegally between March 14 and June 2, 1958. I might add that these people were not Indians. This was the general situation that Corporal Smart and his men had to deal with and which took them to the southern lake Simcoe area on June 7.

I point out these factors not by way of objection to the jury's findings but to emphasize that there will always be times when a police officer may be faced with situations in which he must exercise his judgment as to what must be done to discharge his duty, even though that may mean the acceptance of personal risk over and above the normal. I emphasize again that Corporal Smart was experienced in these matters and was a competent and reliable N.C.O. with 11 years' service.

I should like to comment on two other matters which have been the subject of criticism in the press or elsewhere in this connection. The first is that headlines and editorials in certain newspapers create the impression that there was an untrained novice at the helm of the boat on the night in question. This is unfortunate, since in fact the evidence actually

given establishes that Constable Farough was a well-trained, competent and experienced helmsman who had been in charge of this boat in these waters as far back as August and September of 1957. His training included the use of compass, map reading and how to tell direction by stars at night. Evidence was also given that this boat had carried five men on similar patrols on lake Simcoe in 1957 without mishap.

Second, it has been said that the boat in question was too small for a large body of water such as lake Simcoe. The Royal Canadian Mounted Police in carrying out their duties have to move their patrols from lake to lake and from river to river, covering hundreds of bodies of water in Ontario and indeed elsewhere. In order to meet this situation they have secured patrol boats which are light enough to move by trailer but at the same time sturdy enough to cover most of the stretches of water they need to patrol.

It is admitted, of course, that small boats have a limit when used on large water surfaces, but we also know that they can be operated safely along a shore line, in coves, bays and the like. It becomes a matter of judgment, therefore, keeping in mind the urgency of the duty, as to how far patrols may be extended on open water with the type of equipment we have. I repeat here that, when this patrol left, the water was only slightly choppy, and having regard to the speed of the boat it did not need, so far as we can see, to be more than five minutes from shore at any particular time.

While I have made these general comments, I wish to make it clear that the verdict of the coroner's jury is accepted and will be used to the fullest extent as a guide for the future. In particular I would emphasize the following points:

(a) The coroner's jury found that the phrasing used on the plaques fixing safe maximum load and power limits is confusing. My colleague the Minister of Transport informs me that steps are being taken to improve the wording on these plaques so as to remove any possibility of misunderstanding.

(b) The coroner's jury also found that the life jackets and cushions as used in this boat are unsatisfactory in case of emergency. These were standard items of equipment approved by the Department of Transport, and the Minister of Transport informs me that this question is being studied in the light of the jury's finding and the evidence given and tests made at the inquest.

(c) The commissioner of the Royal Canadian Mounted Police has set up a board of officers to review the situation in the light of the evidence and verdict at the inquest, and to examine and report on what steps, if any, might be taken to reduce the risk that members of the force face in carrying out water patrols, and to ensure that safety rules consistent with the demands of police duties are always followed.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I think the house will welcome the statement by the minister, particularly in view of the fact that the findings of the coroner's jury were somewhat of a discrepancy with what the minister had announced earlier. I think, too, the house will join with me in deep regret that so many Royal Canadian Mounted Police officers should have lost their lives on this occasion. I believe this is the first time that so many of these valuable men have lost their lives on an occasion such as this.

It occurs to me that while the house will welcome the statement made by the minister, there is no doubt but that there has been a breach of the Department of Transport small boat regulations. I am wondering whether or not the Minister of Justice or the Minister of Transport will continue the investigation which I understand is being carried on under the Canada Shipping Act. I may have misunderstood the Minister of Transport when he answered a question in the house earlier but I was under the impression that an investigation, if not under the Canada Shipping Act then under some other authority in the department, was being proceeded with. The question which arises in my mind now is this. Notwithstanding the investigation which the superintendent of the R.C.M.P. is carrying on, will the Minister of Transport continue his own investigation, and what action will be taken in this case under the provisions of the small boats regulations?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, since the report of the coroner's inquest was made available to us my department has been studying very carefully all the factors involved. As the Minister of Justice has said, we have taken careful note of what the jury found regarding the plaque and the life saving equipment, and I expect to make a statement regarding these factors tomorrow morning when my estimates are again under consideration by the committee on railways, canals and telegraph lines. Since the hon. member for Laurier is a member of that committee he will no doubt be present at that time.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group appreciate the full and very frank statement by the Minister of Justice with regard to this very sad accident, and extend their sympathy to

the relatives of those who have lost their lives. I hope that as a result of this unfortunate accident the Department of Transport will commence some research into the production of a satisfactory life preserver for people in small boats. A good many of us have found from our own experience that the type of life preserver now in general use is totally unsuitable in cases of emergency, in view of the short time there is in which to put on these life preservers.

BUSINESS OF THE HOUSE

CHANGE IN HOURS OF SITTING ON DOMINION DAY

Hon. Howard C. Green (Acting Prime Minister) moved:

That on Tuesday, July 1 next, the house shall meet at 4.30 o'clock p.m., notwithstanding the provisions of standing order No. 2.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I mentioned this matter the other day in the house, and I should like to pursue it a little further today. As this holiday which we celebrate on Dominion day is our only truly national holiday, I think we should give more consideration to the Canadian people than we are doing by delaying our sittings until 4.30 o'clock.

I mention the fact that members of parliament have other commitments. I notice the Prime Minister is not in his seat. I also notice that statements have been made on the radio and on television that he is participating in activities connected with July 1 in other parts of the country. As a matter of fact, every hon. member has been given an opportunity to do that, and we have had to refrain. Not enough consideration has been given to establishing July 1 as a truly national holiday for all the people.

Another important matter is the staff of the House of Commons. Every other department in the city of Ottawa is receiving a holiday on July 1, but those who work in the House of Commons and the people connected with the operation of the house have to be here. I think it is only fair and just to extend this holiday to a full day for members of parliament so they can play their part in the program that has been designed for our national celebration, and that the staff be given a complete holiday on that day.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would like to associate myself with the sentiments expressed by my colleague the hon. member for Timiskaming. Tomorrow is Canada's ninety-first birthday as a dominion, Mr. Speaker. Tomorrow morning we hope there will be assembled in my riding 18,000 Burnaby citizens to pay tribute to the work of those who have gone before us in establishing this wonderful Dominion of Canada as one national entity.

On March 31 many of us believed that we would see a new era in Canada under which some new respect would be paid to Canadian institutions. I regret very much that the motion now before us does not signify any new era by way of respect and pride in our institutions.

Mr. Lennard: It certainly does.

Mr. Regier: The other day in the city of Ottawa, Mr. Speaker, we saw how the Conservative party celebrated its first birthday, signifying one year in office. Well, I have to agree that they had ample cause for rejoicing. I understand that they had quite a day at the Chateau Laurier. However, Mr. Speaker, the anniversary of our nation is much more important. I note that the Prime Minister was able to attend the Conservative victory; I also note with regret that our Prime Minister will not be able to attend our national birthday celebration in Ottawa tomorrow, which will take place on the lawns of parliament hill.

This Machiavellianism is to be very much regretted. We had a premier in our province of British Columbia who for several years thought it was rather smart not to be attending to the business of government for which he was elected, but to be in other places. He and his cabinet were usually found all over the province making political hay at the expense of public services in the province.

Mr. Fleming (Eglinton): What has this to do with the motion?

Mr. Regier: I believe those people—

Some hon. Members: Order.

Mr. Regier: This has direct reference to the motion. The Prime Minister and the government are elected to perform the functions of government of the country, and we find that the Prime Minister is setting public representatives a very poor example indeed in that he chooses to be absent from Ottawa on Canada's national birthday.

Some hon. Members: Sit down.

Mr. Speaker: I am sure that on reflection the hon. member would not consider that relevant to the motion, which has to do with the sittings of the house.

Mr. Murphy: He would not know the difference.

Mr. Regier: Yes, Mr. Speaker, I consider it a piece of impertinence for the Prime Minister to arrange for us to be here and at the same time arrange for himself not to set the example.

Some hon. Members: Order.

Mr. Regier: He wants to go out celebrating, but he denies other hon. members of the House of Commons the opportunity to participate in similar situations all across this country.

Mr. McPhillips: Your big holiday is May 1.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to say a few words on this motion in support of my colleagues, who I think have taken a very sound and very loyal position on this question.

I do wish the strong, silent and stoical member for Wentworth would keep quiet.

Mr. Lennard: Not when you are up.

Mr. Herridge: I was taught in school nearly 60 years ago that we should respect our national holiday, and look upon it as an occasion for the celebration of the birth of this nation. During my somewhat brief and not at all glamorous army experience—and I am certain the Minister of National Defence will also realize this—during the first world war all training was suspended and everything possible was done to get the troops to celebrate our national birthday. The deputy prime minister will remember that in our youth we celebrated July 1 together some 44 years ago in a certain community. In the small communities that day was looked upon as a community day to be taken advantage of by all, and respect paid to our national holiday.

In addition I support everything the hon. members have said to that effect. Any hon. members who have the opportunity to visit their communities on that day want to be there. In addition, it is up to the house to set an example to the nation with respect to our national holiday. Finally, I think there is a very good argument to be made on behalf of the staff of this house, who are just as entitled to celebrate our national holiday as any others in Canada.

Mr. Fraser: Your leader is not present, and the leader of the Liberal party is not present.

Mr. Green: Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Frank Howard (Skeena): Mr. Speaker, my remarks will be few. I notice that statement has received some applause from across the way.

Mr. McIlraith: The hon. member has a right to speak in the house.

[Mr. Regier.]

Mr. Howard: There seems to be quite an undertone of conversation among some hon. members.

Mr. Speaker: If the hon. member will proceed, perhaps we can get along.

Mr. Howard: My remarks will be few. There is not much I would care to add to what my colleagues have said, except to say that it is our desire that the house should not meet on Dominion day, our national birthday.

Mr. Murphy: What has the house been doing for the last 20 years?

Mr. Howard: Accordingly, Mr. Speaker, I move an amendment to this motion, seconded by the hon. member for Vancouver East (Mr. Winch), as follows:

That all the words after "That" be struck out and the following substituted therefor:

"the next sitting of the house shall be on Wednesday, July 2 next, at 2.30 o'clock p.m., notwithstanding the provisions of standing order No. 2."

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Chevrier: Does the hon. member for Vancouver East wish to say something?

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, all I wish to do is just to make one statement as the seconder of the motion. I have noted in the press in recent weeks a matter to which all of us should pay attention, and which should be called to the attention of the house. I refer to the expression of regret that we still have not built up in Canada an understanding that, irrespective of the land in which we were born, we are all Canadians. I feel that one of the strongest ways to drive that point home is to have Canada's national holiday accepted throughout the whole country.

To me and to our group it seems wrong that the one place that should give a demonstration of the meaning of the day is the one place where work will still carry on. I know the arguments that can be made. It is said that it is a good day for us to do our work; but by meeting at 4.30 tomorrow and sitting until 10 o'clock we will not expedite the work of the House of Commons a great deal. As seconder of the amendment I believe that one of the greatest indications we can give to all the people of Canada as to what our national holiday means is for the House of Commons not to sit on that day.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, while I find myself in agreement with some of the things that have been said by our friends to your immediate left, on the other hand I think perhaps the best way to give evidence of the fact that we

take our position as parliamentarians seriously is to sit on July 1 and also to adjourn, as has been suggested in the motion, in order to take part in the ceremonies that are to take place on parliament hill. Furthermore, I think it was made quite clear from this side of the house, by myself at least, to the leader of the house that we would consent to this motion because of the reasons which have been given.

There is also the question of those members of the house whose homes are in distant parts of the country, whose constituencies are far away. I am sure all of them will benefit not only from the fact that the house will sit for the greater part of the day but also from the fact that they could view part of the ceremonies that will take place tomorrow.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, it is with some regret that I rise to speak to the amendment, because I think it is most unfortunate that a group of members in the house should seek to make political capital out of a question of this kind. They may say they have not done that, but the words they stress indicate that we are not showing respect for Canadian institutions and that we are not showing loyalty. The hon. member for Burnaby-Coquitlam went so far as to make a personal attack on the Prime Minister of this country—

Some hon. Members: Shame.

Mr. Green: —an attack which was entirely without justification, but which shows only too clearly the motive and intent of these hon. members in bringing forward an amendment of this kind on this occasion.

I would point out to them that one of these days they will learn that members of the House of Commons, no matter to what party they may belong, have an equal respect for Canadian institutions and an equal sense of loyalty. When a handful of members have the audacity to put themselves above all the remaining members of the House of Commons in this regard they are doing something which is utterly foolish—

Mr. Howard: You are talking nonsense.

Mr. Green: —and which is hitting below the belt. What are the facts? This house has sat before on July 1.

An hon. Member: On many occasions.

Mr. Green: The men who were leading the C.C.F. party in those days never stooped to raise objections of the kind that have been raised today. They were not that type of public men. I go back, for example, to 1956. In that year the holiday fell on July 2. Right Hon. C. D. Howe, who was acting as prime minister, referred to the day as Canada's anniversary and suggested that the house should sing "O Canada" and "God Save the Queen". This was done. No time was lost, and the house sat for the normal length of sitting.

In 1955 Right Hon. Mr. St. Laurent did much the same thing. He made a brief and very fitting speech and then suggested that the members should sing "O Canada" and "God Save the Queen". The length of the sitting was not abbreviated in any way. In 1952 the house sat on July 1, and Right Hon. Mr. St. Laurent did the same thing on that occasion although there was provision made in 1952 that there should be an intermission from four o'clock until eight o'clock rather than the ordinary intermission from six to eight.

These are only three examples of the house having sat on July 1. There are various others. I located one this morning, and the former leader of the C.C.F., Mr. Coldwell, spoke on that occasion. After all, we are here from all over Canada. The hon. members who have spoken know very well that they could not go back to British Columbia for a one-day celebration; and when the hon. member for Burnaby-Coquitlam suggests that it would be very nice if he could be back in his riding he is just talking a lot of nonsense, because he would not be going back in any event. This is just a red herring drawn across the trail. The hon. member for Kootenay West is in exactly the same position. He would not be going back to Kootenay West tomorrow. He would be sitting here on his hands doing nothing at all.

Mr. Pickersgill: We would be going back if the minister had kept his promise about air travel.

Mr. Herridge: Would the Acting Prime Minister permit a question?

Mr. Green: As a matter of fact, the government has gone much further this year than has been the case certainly since 1935. There have been no celebrations of July 1 on parliament hill in that time.

Mr. Pickersgill: I think the minister is mistaken.

Mr. McIlraith: Quite mistaken.

Mr. Green: I may be wrong about that, but it is not necessary to go further to make my point. I do point out that the government has arranged that there will be a ceremony on parliament hill tomorrow, certainly for the first time in many years. There will be a trooping of the colour, to which all hon. members have been invited.

Some attempt is being made to focus attention on the great importance of Canada's national day. That is the reason we ask that

the house should not sit until 4.30 rather than commencing at 2.30, in order that members can take their full part in this celebration. It really is amazing now to find ourselves attacked for taking this step. I merely point out to the members of the house that this move by the C.C.F. is just a cheap, political trick—

Mr. Winch: How dirty can you get?

Mr. Green:—and I suggest it be dealt with accordingly.

Mr. Herridge: Will the Acting Prime Minister permit a question? Would he tell the house what the policy was in connection with such a situation as this of the Conservative administrations under Mr. Borden and Mr. Bennett?

Mr. Green: I do not know what happened in those days. I am trying to live in the present.

Mr. McIlraith: Will the minister permit a question? It is simply this, and it is only asked for the purpose of clarifying the record. Does he recall the trooping of the colour on Dominion day under the previous administration?

Mr. Green: Really I am not sure whether or not that happened while the house was in session.

Amendment (Mr. Howard) negatived on division.

Mr. Speaker: Is the house ready for the main motion?

Motion agreed to.

MOTIONS FOR PAPERS

RESOURCE ROADS PROGRAM, ONT.

Motion No. 15—**Mr. Benidickson:**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I am afraid I shall have to oppose the passing of this motion at this time. This matter is under negotiation between—

Mr. Speaker: The motion is not debatable. It can, under standing orders, be removed to the category of notices of motions and be debatable at that time. I do not think the minister should do more than say he is opposed to it.

Mr. Benidickson: I will consent to having it stand.

Mr. Hamilton (Qu'Appelle): That will be satisfactory to me.

Motion stands.

[Mr. Green.]

TERRA NOVA NATIONAL PARK, NFLD.—EMPLOYMENT

Motion No. 19—**Mr. Pickersgill:**

For a copy of all communications received by the Minister of Northern Affairs and National Resources or any official of his department from any member or official of the government of Newfoundland with respect to employment in the Terra Nova national park since June 21, 1958, and any replies thereto.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): With the usual reservations.

Mr. Speaker: With the usual reservations.

Motion agreed to.

EXTERNAL AFFAIRS

CUBA—NEGOTIATIONS FOR RELEASE OF CANADIANS SEIZED BY REBELS

On the orders of the day:

Mr. Alan Macnaughton (Mount Royal): I should like to direct a question to the Secretary of State for External Affairs, or in his absence to the acting minister who may take the question as notice. Would the minister care to tell the house what action the government is taking to gain the release of the three Canadians reported to have been seized by the Cuban rebels?

Hon. Howard C. Green (Acting Prime Minister): The government is very much concerned about this event in Cuba. Our ambassador in Havana, Mr. Allard, has confirmed press reports that the three Canadians, Harold Gisli Kristjanson of Winnipegosis, Manitoba, and Edward Cannon of Cornwall, employees of the Freeport Sulphur Company of New York, and Richard A. Sargent of Toronto, manager of a sugar mill, are being held by the rebels in company with a number of United States citizens and United States servicemen.

Mr. Allard has expressed the deep concern of the Canadian government to the Cuban government concerning the kidnapping of Canadian citizens, and has requested the co-operation of Cuban authorities in obtaining their release. Mr. Allard has been assured by the United States authorities in Cuba that their efforts to obtain the release of the United States citizens held by the rebels cover the Canadian captives as well. It would not be in the interests of the Canadian captives to reveal all the methods being used to effect their release. Officials of the Freeport Sulphur Company have been attempting to make direct contact with the rebels, but no information on the success of their efforts has been made available.

UNEMPLOYMENT INSURANCE

EXPIRATION OF SEASONAL BENEFITS—INQUIRY AS TO PROVISION FOR UNEMPLOYED

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Acting Prime Minister. In view of the fact that unemployment insurance seasonal benefits ended on Saturday, June 28, will he inform the house what provision the government is making to take care of those who are still unemployed and who have lost entitlement to unemployment insurance?

Hon. Howard C. Green (Acting Prime Minister): I really think this question was dealt with a few days ago by the Prime Minister. It is not the intention to extend these seasonal benefits any further.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Acting Minister of Labour a supplementary question. Could the hon. lady tell us how many persons were receiving seasonal benefits at the time they expired?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Since that was only two days ago, I do not have those figures at the moment. I shall be glad to procure them for the hon. gentleman.

Mr. Winch: May I ask a supplementary question. I am afraid the Acting Prime Minister did not understand my question. I knew the seasonal benefits were not going to be extended. In view of the fact that they have expired, what provision is going to be made for the unemployed who are no longer covered by unemployment insurance but who are still unemployed?

Mr. Green: The reply to that question, I am afraid, would require a debate. The hon. member knows, just as well as other hon. members do, that this government has already taken very many steps to help create employment in Canada. I give him the one example of the housing policy, which has put perhaps over 100,000 Canadians to work. We are just as anxious as he is to help Canadians to get employment.

Mr. Winch: I am sorry, but the Acting Prime Minister has not answered my question. We are not discussing what he has done about employment. The question is, in view of the fact that seasonal benefits have expired, is any provision being made for those who are still unemployed and no longer eligible for unemployment insurance?

Mr. Green: They, of course, benefit under the general policy adopted by the government.

Inquiries of the Ministry

CANADIAN NATIONAL STEAMSHIPS

SEVERANCE AND RETIREMENT ARRANGEMENTS FOR OFFICERS OF FLEET

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to address a question to the Minister of Transport, of which I have given him notice. In view of the statement made in this house, I believe by himself and, if not, certainly well known, that the Canadian National Steamships vessels are up for sale, would the minister care to tell the house what severance and retirement pay arrangements will be made for the officers of the ships, and in particular those with long service?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for advising me of his intention to ask this question. I am advised by the management of the Canadian National that the situation concerning the disposition of the officer personnel has been the subject of considerable investigation and is under careful examination at this moment. As a matter of fact a group of company officials already has been in Halifax to conduct interviews on an individual basis, and is returning to Halifax later this week to continue detailed discussions on other employment opportunities.

SHIPPING

C.G.S. "LABRADOR"—COMMENCEMENT OF SERVICE

On the orders of the day:

Mr. E. L. Morris (Halifax): I should like to direct a question to the Minister of Transport. Is the refit of the C.G.S. *Labrador* completed? If so, when will this vessel go into service, in what work and when is it proposed that it is to return to Halifax?

Hon. George H. Hees (Minister of Transport): The *Labrador* has successfully completed harbour trials and is now preparing to carry out sea trials. The ship will proceed to Montreal in order to take cargo for the R.C.M.P. post at Alexander fiord on Bache peninsula, and is expected to leave Montreal on July 10. After the Bache peninsula work has been completed the *Labrador* will go to Resolute to assist with the work being carried out there, and then will proceed to assist in the D.E.W. line resupply in Foxe basin. The *Labrador* will return to Halifax after the northern operations have been completed.

Inquiries of the Ministry

ST. LAWRENCE SEAWAY

STATEMENT ON LAY-OFFS FOLLOWING FLOODING OF CANALS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): While I am on my feet, Mr. Speaker, may I say that on Friday last the hon. member for Laurier referred to the inundation of the Ontario-St. Lawrence canals on and after July 1, and inquired how many employees would be affected and what is being done to place them elsewhere.

The exact number of operating employees who will be displaced is not known, because definite information is not yet available as to how many will accept transfer to other canal positions, but the number may be in the neighbourhood of 115. With regard to action taken to meet the problem of lay-off of employees, I would refer the hon. member to the answer I made on May 30 to a question he had placed on the order paper, the last part of which dealt with this matter at some length.

TRADE

COMMUNIST CHINA—REPORTED STATEMENT BY PRESIDENT OF ROYAL BANK

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Acting Prime Minister, notice of which I sent to the Prime Minister's office this morning. Has the Acting Prime Minister's attention been drawn to a report on his visit to China made by Mr. James Muir, chairman and president of the Royal Bank of Canada, in which he says in part:

> "It was galling to meet (in China) and to talk with the selling forces of other western powers, not only obviously getting business but enthusiastic about it, while our people seem to sit back and wait for a silver platter deal".... The Canadian government should see to it that "if any Canadian enterprise should be induced by outside influence to deviate from its responsibility to the Canadian worker and the Canadian economy by declining legitimate and clean business, drastic and immediate steps should be taken to discipline it."

In view of the need for a great increase in exports to provide employment—

Some hon. Members: Order.

Mr. Herridge:—will the Acting Prime Minister inform the house if consideration is being given to action along the lines suggested in Mr. Muir's report, in order to secure for Canada a fair share of this great potential market?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, with great deference may I suggest that this is an abuse of the rules of the house. This is not a question. This is a reading into the record of the report of a speech made by Mr. Muir. I suggest that it is not proper for that reason, and that it does not need to be answered.

Mr. Winch: What has come over the minister this last little while?

Mr. Speaker: It is clear what the rule is, but it is not always easy to apply it, at least not from the chair. Only enough fact can be given to lay the groundwork for the question. As I understood what the hon. member read, he first read something about trade with China and then something about an entirely unrelated matter. It seemed to me that it was a rather long basis for a question. I daresay that the question itself, as it was finally put, is one that can be asked.

Mr. Winch: The Acting Prime Minister does not want to answer it.

Mr. Frank Howard (Skeena): I have a similar question, of which I have given notice to the Minister of Trade and Commerce, and which I should like to put to him. The question is this. Has the attention of the minister been drawn to the statements of Mr. James Muir, president of the Royal Bank of Canada, which appeared in the Montreal *Gazette* of June 28, 1958, to the effect that Canada is not taking advantage of the opportunities for good and legitimate trade with China—

Some hon. Members: Order.

Mr. Speaker: I think that is a repetition of the question which the hon. member for Kootenay West has already asked, in effect.

Mr. Howard: I was trying to elicit an answer from somebody over there on the government side.

Mr. Speaker: The hon. member knows that he cannot insist upon an answer.

FISHERIES

MIRAMICHI, N.B.—REPRESENTATIONS RESPECTING CHANGE IN SEASON

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I should like to direct a question to the Minister of Fisheries. I regret that I did not have an opportunity to advise him of it. Probably he will take the question as notice. Did the minister or his departmental officials receive representations from the Miramichi salmon drifters' association seeking a change in the season's dates, to eliminate the two weeks' lift period?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I do not at the moment have the answer to that question, but I shall be glad to take it as notice and answer it later.

DRUGS

APIOL—STATEMENT ON SUGGESTED PROHIBITION OF OPEN SALE

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, in my absence on Friday last the hon. member for Kootenay West asked me the following question:

> Has the minister's attention been drawn to a news item in the *Gazette* of June 17 entitled "Doctors Claim Poison Sold Across Counter", and the report of the committee on maternal welfare, presented to the annual meeting of the Canadian Medical Association, which comments on the irregular sale of drugs and consequent poisoning by preparations containing oils of apiol? Can the minister inform the house why the sale of this drug across the counter has not been prohibited under the Food and Drugs Act?

In answer I would inform the hon. member that the newspaper article which he mentioned had previously been drawn to my attention, and I have had a preliminary investigation made of the matter by officials of my department. We have in fact no record that oil of apiol is sold as such in Canada. We do know, however, that there are two preparations on the market in which oil of apiol is combined with ergot. Sale of these preparations is prohibited under the Food and Drugs Act except on a prescription basis. I have instructed the food and drug directorate to look further into the matter of the alleged illegal sales of such preparations.

Mr. Herridge: I want to compliment the minister for his knowledge of the rules and thank him for his courtesy in answering my question.

PIPE LINES

REQUEST FOR CLARIFICATION OF JURISDICTIONAL AUTHORITY

On the orders of the day:

Mr. A. R. Smith (Calgary South): I wish to direct a question to the Minister of Trade and Commerce. In view of concern expressed by two provinces over alleged encroachment by the federal government in the control of pipe lines contained within provincial boundaries, would the government consider referring this question to the Supreme Court of Canada for a definition of jurisdictional authority?

Hon. Gordon Churchill (Minister of Trade and Commerce): I should like to thank the hon. member for giving me notice of his question, which deals with the jurisdiction of the board of transport commissioners in connection with the regulation and construction of pipe lines. The question which he put will be given serious consideration.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REPORTED BOMB EXPLOSIONS IN KELOWNA AND VERNON

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to address a question to the Minister of Justice. Can the minister inform the house whether or not any additional and special assistance will be given to the law enforcement officers of British Columbia in view of the recent reports of bomb explosions in a hotel in Kelowna, on an Okanagan ferry, and in the city of Vernon, a most serious situation? We would appreciate a statement from the minister.

Hon. E. D. Fulton (Minister of Justice): As the hon. member knows, some three weeks ago I went out to Victoria and met with the premier and other provincial ministers and officials to discuss the Doukhobor situation. I was accompanied by the deputy minister of justice and by the commissioner of the Royal Canadian Mounted Police. Certain proposals were put forward by the provincial government at that time, which I reported to my colleagues here. About a week ago we wrote to the premier of British Columbia advising him of the position of this government with regard to the requests that were made. We have not received a reply, or any indication of the attitude of the provincial government in response to our letter.

I say that by way of background to the present question.

In so far as these latest incidents are concerned I have had reports of them, but whether or not they are related to the outbursts of violence in the Kootenay area by the Doukhobors, and particularly by the sons of freedom sect, has not been definitely established according to my present information. However, I must say there is a strong presumption that they are. We have had no further requests as a result of these last three incidents. Therefore there is nothing before us to reply to in so far as the incidents are concerned. However, we remain ready to examine immediately and sympathetically any request we may at any time receive from the province for assistance in this matter.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Acting Minister of Labour. In view of the fact that this is the last day of June, and that industrial

inquiry commissioner Mr. Taylor has set tomorrow, July 1, as the deadline date for settlement of the strike on Canadian Pacific Steamships, can the minister advise the house what expectations there are for settling this strike by tomorrow?

Hon. Ellen L. Fairclough (Acting Minister of Labour): Mr. Speaker, we are all, of course, deeply concerned over the strike not only because of the disruption of service and its effect upon the company and employees alike, but also because of its effect on the residents of the island. Although I saw the press report in which it was said that the commissioner had set July 1 as the deadline, I have no official word to that effect from the commissioner. I do know he has been working very hard in this matter. I know because I myself have been in constant touch with him over the week end. Unfortunately, however, up to the present I have no definite report to make. I know the commissioner himself still hopes that he will be able to effect a settlement between the disputing parties, as I do also.

INQUIRIES FOR RETURNS

ST. LAWRENCE RIVER WORKS, LACHINE SECTION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I made a motion for the production of papers in the first few days of the session. It was passed, and I brought it to the attention of the Secretary of State (Mr. Courtemanche), who told me I would get the return. I have not received it yet, and I am most anxious to use it. I wonder if I might take this opportunity of drawing it to his attention once again.

Hon. Ellen L. Fairclough (Acting Secretary of State): Mr. Speaker, as Acting Secretary of State I shall be glad to bring it to the minister's attention.

ELECTRIC POWER, NEWFOUNDLAND—FEDERAL ASSISTANCE

On the orders of the day:

Mr. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if the Acting Secretary of State would ask the Prime Minister when there will be a production of the correspondence about which I asked the Prime Minister on Thursday, and which I was very anxious to have for use today?

Hon. Ellen L. Fairclough (Acting Secretary of State): I would be very glad to look into it, Mr. Speaker.

[Mr. Howard.]

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

COAL—ALLEGED CHANGE IN GOVERNMENTAL POLICY

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in rising to speak on the motion of the Minister of Finance that the house go into committee of supply, I want first to take notice of the announcement made before the adjournment of the house at six o'clock on Friday last by the Prime Minister. It is true that the federal government and the government of the province of Nova Scotia have moved in with financial help to ease further contemplated lay-offs affecting about 9,000 coal miners, but unfortunately the assistance for the Dominion Coal Company does nothing to avert the 25-day mine shutdowns in Nova Scotia. It will do very little to provide additional outlets for the record coal stockpiles accumulated in the face of declining demand, stockpiles which are increasing daily since the present government took office. In fact it was clearly stated—and I want to quote the Prime Minister's own words as reported at page 1737 of *Hansard* of Friday, June 27, 1958:

> Even in the face of those reductions in working days, the company has estimated, and that estimate has been confirmed by the dominion coal board, that by the end of the year 1958 there would be in stockpile 750,000 tons of coal in excess of the normal average carryover.

It is evident, therefore, that despite the action taken by the government there will be at the end of the present year a stockpile which will reach close to 1,400,000 tons, which will be practically equal to the carryover which the company has on hand today.

In view of the vast expansion and growth which has taken place the federal government decided in 1955 to appoint a royal commission to study Canada's economic potential in order that the Canadian people could be more fully informed of the long-term economic prospects of our country. The commission was appointed to study our productive capacity, the growth and distribution of our population, the production and nature of our industrial and social capital.

This commission, having as its chairman Mr. Walter Gordon, was known as the Gordon commission. In its preliminary report made public in December of 1956 a special paragraph was devoted to the problems and difficulties in the four Atlantic provinces. In this preliminary report it was generally recognized and made clear by the commission that there is no single or simple solution to the problems of the Atlantic

region. Besides transportation and communications, special attention was given to the situation of the Nova Scotia coal industry. This question received special attention, not only because of its importance to the economy of one of the Atlantic provinces, but also because of the great number of people who are dependent, either directly or indirectly, upon the industry for their livelihood. After all, it is perfectly obvious that in Nova Scotia alone a population of over 120,000 people, including 8,000 or 9,000 coal miners, would be affected. In New Brunswick it also affects the Minto area in York-Sunbury, where over 1,000 miners reside.

In addition, the 1946 royal commission on coal known as the Carroll commission had been assigned a complete and extensive study of this industry, including its mechanization, its productivity and management-labour relations. It recommended proper action by the federal government in order to improve, if possible, at all levels the operation of the industry including relations between management and the miners employed.

It is generally recognized that one of the main factors affecting this industry in earlier years, and in fact a problem which is also in existence today, is the competition from United States coal in consuming centres in the central provinces of Ontario and Quebec. Previous governments accepted the idea of a subvention policy to ensure the survival of the coal industry. This subsidy on the transportation of coal was followed by the Maritime Coal Production Assistance Act, providing long-term loans to the coal companies for the modernization and mechanization of their plants.

In the past number of years it has been apparent that certain factors such as deteriorating market conditions caused by competition from other fuels were having unfavourable effects on the coal industry. It was then considered advisable to discontinue, for the time being at least, the mechanization program which had resulted in increasing the productivity in 1955 to a rate 47 per cent above the levels which had prevailed in 1945, output per man day of 2.33 tons as against 1.58 tons ten years earlier. This output per man day could increase to 3.79 tons by 1960, thus bringing our total production close to 7 million tons per year, with a present yearly market potential of 5 million to 5½ million tons.

It was generally recognized that the main market for Atlantic coal must remain in the maritime provinces and that every effort should be made to retain and increase it, even to the point where this would necessitate the granting of assistance against oil where required. Mention was also made of the potential export market for at least 2 million tons a year to Europe, provided prices and quality could be agreed upon.

While the most logical market for Nova Scotia coal would seem to be the Atlantic region, as I have said, it is only logical that emphasis on present subsidy arrangements should be modified in order to give specific advantage to the greatest possible use of coal in the Atlantic region. It was clearly indicated in the Gordon commission recommendations that such subsidy arrangements should be designed to encourage the use of Nova Scotia coal in the generation of thermal power in the Atlantic region.

In the presentation of his budget on March 14, 1957, the minister of finance, Mr. Harris, clearly indicated that it was the government's intention to launch an immediate review of the maritime transportation system in general, and thereafter put forward proposals as soon as feasible. There then followed definite proposals on another matter affecting the Atlantic region, that is the relatively high cost of electric power as compared with most of the other parts of Canada. The government initiated the notion of the interconnection of the Nova Scotia-New Brunswick electrical systems. The minister of finance announced that the federal government would be prepared to provide the main interconnection facilities within and between those provinces, and to build and operate such large thermal plants as might be needed either to replace existing ones, should efficiency so indicate, or to meet the requirements of growth and industrial development.

These were the terms of the general proposal made by the previous government through its minister of finance on March 14, 1957. This proposal opened the way for immediate negotiations between the federal government and the provinces concerned for the implementation of this offer. This program for thermal power plants in the maritimes was initiated for the dual purpose of providing additional power at lower cost and, at the same time, assuring a much needed outlet for maritime coal.

During the political campaign before the June election of 1957, the guarantee of the use of coal in these proposed thermal plants became a common issue in the Atlantic provinces. I want to emphasize, however, that the then minister of public works, Hon. Robert Winters, stated several times in the course of that campaign that a subvention would be paid on coal for use in the power plants if such was necessary to make

coal competitive with oil. Such statements from a member of the federal cabinet on the policy to be followed by a Liberal administration might eventually have been proven to be more valuable to the coal industry than the attitude presently being adopted by the present administration.

As I have just said, when the new federal government power development's plan for the maritime provinces was first announced last fall, it was definitely emphasized that the project was being undertaken to provide both low cost electricity to industry and new markets for the ailing coal industry. For this very reason this program involved the payment of subventions on coal used for power production at the newly constructed and at the existing generating stations. It was then said that such a policy would ensure that coal produced in the maritime provinces would be used for the growing power demand of those two provinces, and would not be replaced by oil brought in from foreign fields. On page 52 of *Hansard* for October 16, 1957, the Prime Minister said:

> As an integral part of the power development of the maritime provinces and also out of consideration for the situation prevalent in the coal producing areas of the maritimes, we believe the time has come to inaugurate a system of freight subventions for the removal of coal for power purposes within that area. That will serve two purposes: first, it will provide a steadily increasing demand for maritime coal and also do much to stabilize the coal industry, reduce the cost of power and in consequence render the climate clement for expanded industrialization and the raising of economic standards in the maritime provinces. That is of the essence, and that is also of the essence of this policy of national development.

Again, when suggestions were made by political opponents and officials of the united mine workers during the last federal election campaign that oil would be used in at least the proposed Saint John plant, the federal ministers and the government's candidates were quick with their denials. Speaker after speaker gave the reassurance that coal and coal alone would be used.

On Monday, May 19, I directed to the Minister of Northern Affairs and National Resources a question asking whether power agreements under section 3 of Bill No. 244, an act to provide assistance in respect of electrical power development in the Atlantic provinces, had been signed with the governments of the provinces of New Brunswick and Nova Scotia. When the minister answered my question on Wednesday, May 21, I directed a supplementary question, as follows. The exchange will be found recorded on page 313 of *Hansard* of that date:

> Mr. Robichaud: I have a supplementary question, Mr. Speaker. Can the minister now inform the house whether such agreements insisted that coal be used to generate power instead of oil?
>
> Mr. Hamilton (Qu'Appelle): To my knowledge there is no such term insisting that coal be used. In fact, in one part of the working out of this agreement I understand it is fully understood between the two governments that on certain occasions oil will be used in one of the plants.

Now that the federal election campaign is a matter of the past we are informed by a representative of the federal cabinet that the policy which had been placed before the public during the political campaign was altogether different from the one presently adopted by the government. In other words, the promises of yesterday are today a thing of the past.

Mr. Hamilton (Qu'Appelle): Would the hon. member permit a question? I should like to ask him if it is not true that during the proceedings of this house both here and in the committee it has been made very clear that since the reserves of coal have risen in the provinces of New Brunswick and Nova Scotia, we have made it very clear as a government that we have asked that coal be used in the Saint John East plant.

Mr. Robichaud: My only answer to the minister's remarks is the reply which I received and which is in the record of this house under the date of Wednesday, May 21, and which I read as follows:

> To my knowledge there is no such term insisting that coal be used. In fact in one part of the working out of this agreement I understand it is fully understood between the two governments that on certain occasions oil will be used in one of the plants.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, on a point of privilege, because I believe a misstatement of fact has been made by the hon. member—

Mr. Speaker: If the hon. member who has the floor is willing to yield and offers no objection, it is all right; otherwise it can be deferred until he has finished his address.

Mr. Robichaud: Thank you, Mr. Speaker.

Again I want to repeat that during the last election campaign Conservative speakers were most definite in assuring the electors of the Atlantic provinces that the thermal power units to be built with the assistance of federal money in Nova Scotia and New Brunswick would use maritime coal. No more definite comments were made than those of the Minister of Transport when, speaking in New Glasgow on March 28 he said, and I quote from the Halifax *Chronicle Herald* of March 29:

> Thermal power stations to be built in Nova Scotia and New Brunswick will definitely be fired "by coal from the mines of Springhill, Pictou county, and Cape Breton."

I have here a series of other statements made by different members of the present cabinet during the last election campaign, including an extract from a speech made by Dr. Sidney E. Smith, Secretary of State for External Affairs, on March 1 at Port Hood, Inverness, as reported in the Halifax *Chronicle Herald* of Monday, March 3, 1958:

Dr. Smith answered charges he said he had heard made by Liberal speakers that the government has given no assurance proposed maritime thermal plants will be fired by coal by "offering my assurance that it is a condition of the agreement that coal will be used."

And from the speech made by the Minister of Labour on March 18 at Glace Bay, as reported in the Halifax *Chronicle Herald* of Wednesday, March 19, 1958:

Michael Starr, federal labour minister, said Tuesday night the thermal power agreement between the federal government and the maritime provinces was contingent on the use of coal.

I have also, Mr. Speaker, excerpts from the debates of the house of assembly of the province of Nova Scotia for March 4, 1958, pages 1131, 1132 and 1133, on which the following discussion took place:

Mr. Cowan: Mr. Speaker, my question is directed to the premier. I should like to know whether any agreement has been entered into between the province and the government of Canada under the Atlantic Provinces Power Development Act?

The Premier: I think the answer to that is "yes," Mr. Speaker. I was inquiring about that before the house opened, and they say that the provincial secretary has executed such an agreement on behalf of the province. I believe the agreement is complete and when I am satisfied that it is, I will table it promptly, Mr. Speaker.

Mr. Cowan: Mr. Speaker, I have a further question directed to the premier; is there any provision in the Atlantic Provinces Power Development Act which requires that coal be used as the fuel in the operation of power projects built with federal funds provided under that act?

The Premier: Mr. Speaker, I am now speaking from memory. I am not sure there is such an express provision. I may say that it is contemplated that each thermal power station would be the matter of a specific agreement between the province concerned and the government of Canada.

In other words, there is the master agreement, and the master agreement makes provision for a specific agreement regarding specific projects and I have been instructed by the Prime Minister that the burning of coal is a necessary condition of federal assistance in any such program.

Mr. Cowan: I have another question, Mr. Speaker, directed to the premier. I wonder if the premier could confirm or deny the rumour that the proposed thermal power plant to be built in Saint John, New Brunswick, is to burn oil and not coal?

The Premier: Well, Mr. Speaker, I can only repeat what I have just told my hon. friend through you, sir, that the instructions that I have received from the Prime Minister are just the burning of maritime coal is to be a condition precedent to federal assistance under the agreement.

Mr. Hicks: Including the Saint John one?

The Premier: Mr. Speaker, I don't know how—what my hon. friend wants. I said that I had been instructed by the Prime Minister that the burning of coal is a condition precedent to federal assistance in the construction of any thermal power station under this agreement.

Mr. Fielding: Under the master agreement?

The Premier: Under the master agreement.

I hold in my hand the master agreement, tabled on Monday, June 15, 1958, as sessional paper No. 110, and I have failed to find in this agreement where coal is a condition precedent to federal assistance in the construction of any thermal power station to be built under such agreement.

Let us hear what the Minister of Northern Affairs and National Resources (Mr. Hamilton) had to say in an interview with the press, as reported in the Halifax *Chronicle Herald* of June 13:

At the present time, Nova Scotia has a surplus coal supply but to meet the needs of a tremendously expanded steel industry in the future, it might possibly be considered a deficit area.

Farther on he said:

For the present, we have asked the governments of Nova Scotia and New Brunswick to use coal in thermal power plants as long as there are stockpiles.

Listen to this:

But those plants should be geared to switch to other thermal fuel, perhaps even to nuclear power, if the coal stocks ever prove insufficient to keep them going.

This is the same minister who, as I have just mentioned, in answering my question in the House of Commons a few days earlier, stated that:

In working out an agreement with one of the provinces, it was fully understood between the two governments that on certain occasions oil will be used in one of the plants.

What did the Prime Minister have to say on the matter of thermal stations in the maritimes? The Halifax *Chronicle Herald* of March 25, 1958, reports as follows:

On the matter of thermal power stations in the maritimes, Mr. Diefenbaker said he wished to "underline...that we are asking, we are demanding that coal be utilized." He was answering Liberal statements that there was no assurance that coal would be used.

As I stated earlier, the main power agreements have been signed with New Brunswick and Nova Scotia and they were tabled by the Minister of Northern Affairs and National Resources on June 16. Nothing in these agreements specified or insists that coal should be used to generate power in thermal plants built under this act.

These documents show an estimate of $537,000 for 1957-58 and $2,750,000 for 1958-59 to be spent on the east Saint John thermal plant in New Brunswick. The minister must tell the house why no payments have been made from the 1957-58 item, and also why on the last day of June, 1958 no specific

agreement has been signed with the province of New Brunswick for the erection of this particular plant. Where is that emergency and urgent need for additional power which was so urgent before the June 10 election of 1957, and more so before the election of March 31? The Prime Minister knows of this emergency, as was so clearly expressed by the premier of New Brunswick in comments addressed to him on October 11, 1957. I wish here to quote just the last paragraph of those comments:

> The whole matter is one of great urgency in view of the fact that a letter of intent has been issued by the New Brunswick Electric Power Commission covering the turbo-generator on the assumption that this would be taken over by the Northern Canada Power Commission, which has been discussed at a series of inter-governmental meetings.

The present situation of our coal industry we know is serious and disturbing. The coal mining problems have been laid squarely at the feet of the federal government, and the piecemeal solution offered by the Prime Minister and the government on Friday last will do nothing else but take care for the time being only of an emergency situation. As I said earlier, this move by the government has not prevented the layoffs now taking place in the coal mines of Cape Breton and New Brunswick.

When I brought this matter to the attention of the house six weeks ago, on Friday, May 16, the representative of the province of Nova Scotia in the federal cabinet, the Minister of National Revenue (Mr. Nowlan), clearly stated, and I quote his own words, that he had no knowledge that A. V. Roe was contemplating suspending operations for a period of 25 days or for any other period.

Knowing that such suspension of operations was contemplated, I directed a supplementary question to the Prime Minister, and I received the following reply, as reported at page 139 of *Hansard* for Friday, May 16: I asked the minister the following question:

> Is the dominion coal board taking any steps to assist in the disposal of coal now being stockpiled in the Cape Breton area?
>
> Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not up to the moment on that matter but I know consideration is being given by the dominion coal board at the present time to disposal of the surplus of coal that is available under the circumstances referred to by the hon. gentleman.

How different, Mr. Speaker, is this reply of the Prime Minister (Mr. Diefenbaker) from the answer given by the Minister of National Revenue. Finally, only after the contemplated lay-off of miners had become an accomplished fact, on Friday, June 20, the hon. member for Cape Breton North and Victoria (Mr. Muir) directed a question to the Minister of Mines and Technical Surveys (Mr. Comtois) and we were then at last told that the matter was receiving the attention of the government. I should like to quote here the question put by the hon. member and the reply of the minister as reported on page 1460 of *Hansard* for Friday, June 20. The hon. member for Cape Breton North and Victoria said:

> Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys. I understand that the Dominion Steel and Coal Company has announced a five-week shutdown of its coal mines in Cape Breton and on the mainland of Nova Scotia due to lack of markets. In view of the hardship this step will cause to the 8,000 or 9,000 miners involved, can the minister assure the house that he and the dominion coal board will render every assistance towards reaching a solution to this very serious situation.

The minister answered as follows:

> Mr. Speaker, I thank the hon. member for giving me notice of his intention to ask this question. This situation has been under study by the government and the dominion coal board for several weeks and is under continuous study and consultation with the company, but due to many factors we are not too hopeful that we can prevent the idle time which has been planned by the company.

The hon. member for Cape Breton North and Victoria clearly stated that this lay-off would cause hardship to the 8,000 or 9,000 miners involved and pleaded with the minister so that the dominion coal board would render every assistance toward reaching a solution to this very serious situation.

Again, Mr. Speaker, on June 23 I asked the Minister of Mines and Technical Surveys if he could confirm a Canadian Press report to the effect that the A. V. Roe Company was contemplating a lay-off of 47 days instead of 25 days as originally intended. I further asked what the company was asking by way of financial aid. This was the reply I received, and I quote the minister's own words as found on page 1508 of *Hansard*:

> Mr. Speaker, the answer is no; we have not made any proposal on that.

It is rather difficult for members of the house to reconcile the minister's reply with his own statement of Friday, June 20, when I asked the same minister the following question as found on page 1460 of *Hansard*:

> A supplementary question, Mr. Speaker. Could the minister advise the house if any definite action has been taken by the government on the request of the Dominion Steel and Coal Company for financial assistance?

The minister replied:

> I am afraid I cannot give a definite answer to that question today, but I am most hopeful of making a statement in this regard within a short time.

In other words, Mr. Speaker, the matter was under consideration. The house expects the Minister of Mines and Technical Surveys

to explain today before the closing of the present debate his negative answer to a problem which, according to the Prime Minister and according to his own statement made three days earlier, was under consideration by the government and by the dominion coal board. The minister must also explain the statement he made a few weeks ago to the effect that the stockpile of coal in the Nova Scotia coal mines was sold and waiting for transportation to destination points.

How can the hon. member for Cumberland (Mr. Coates) justify and explain his statement made during the last political campaign at a public meeting at Wallace, Nova Scotia, and reported in the Halifax *Chronicle Herald* of March 22, 1958? I quote a part of the report:

He referred to the thermal power plan which he said would result in the establishment in Nova Scotia and New Brunswick of ten thermal power plants by 1967. These plants, he said, would use coal, backbone of Nova Scotia's economy, which would result in the production of power in these provinces as cheap as in other parts of Canada.

Now that the election is over, and now that the members of the government and their supporters are comfortably sitting to your right with the overflow to our left, the pre-election promises seem to be a thing of the past. No wonder that we hear so much of the vision of the Prime Minister, of the philosophic dreams of the Minister of Northern Affairs and National Resources, of the big bamboozle of the Minister of Public Works (Mr. Green), of the blue tinted red budget and of the momentous monument of double talk of the Minister of Finance (Mr. Fleming) and nothing about new industries for the Atlantic provinces. On the contrary, industries are closing down or are moving out to establish in the central provinces. Our New Brunswick base metal mines have ceased operating and the Nova Scotia coal mines are curtailing their production. How different, Mr. Speaker, are the present conditions from the policy advocated by the hon. member for York-Sunbury (Mr. MacRae) during the last election campaign. I have here an excerpt from the Fredericton *Gleaner* of March 29, 1958 which is headed, "In N.B. Power Stations; Says Diefenbaker Promised Minto Coal Will Be Used", and reads as follows:

Prime Minister John G. Diefenbaker already has given assurance that under his government's thermal power plant assistance policy to the maritimes Minto coal will be used in New Brunswick power stations, J. Chester MacRae told a Progressive Conservative meeting at Minto Friday night.

With a thousand miners of the Minto area without work, with mines already closed down, the situation has certainly changed. The Dominion Steel and Coal Company is planning to build near Montreal a steel fabricating plant at an initial cost of $20 million, which could eventually develop into a $200 million project. Why should this plant not be built in the Atlantic provinces, in the heart of the coal empire? What action, if any, is being taken by the present government to encourage such new enterprises to settle where they are most needed?

The temporary measure taken by the government on Friday will not satisfy the 8,000 or 9,000 miners of the Nova Scotia coal mines and the 1,000 coal miners of New Brunswick. In fact, no action whatsoever is being taken to relieve the unemployed coal miners of the Minto area of New Brunswick. The present government's policy gives no assurance whatsoever to the coal mines of the Atlantic provinces that at the end of the present year the excess carryover and stockpile accumulated will not force a further layoff which could be much more serious than the shutdown now taking place.

I have here a report of a statement made in Saint John, New Brunswick by the president of Acadia-Atlantic Sugar Refineries Limited as found in the Saint John *Telegraph* of June 27. Mr. Alex Hill of Toronto, the president, was reported as having said:

He told the luncheon meeting: "Given a fighting chance to meet competition in the upper Canadian market which is our life's blood, we should be able to continue our expansion and improvement program for the refinery here—indeed, we might be able to reopen the long dormant Halifax refinery."

However, he warned that without such a chance the company would be forced to start construction of a refinery in Ontario which would eventually reduce the Saint John operation "to a faint shadow of what it is now."

If the government continues its present policies, Mr. Speaker, we are afraid that such a move will take place.

It is now my intention to move an amendment which, by its nature, I am convinced will receive the support of every maritime member in this house, and particularly of those members who have at heart the future of the coal industry and those who feel that this government must insist that coal and coal alone be used in all thermal power plants operated under Bill No. 244 by which assistance is provided in respect of electrical power development in the Atlantic provinces. I move, seconded by the hon. member for Bonavista-Twillingate (Mr. Pickersgill):

That all the words after the word "That" be struck out and the following substituted therefor:

This house regrets that the government has failed, despite the measure announced on Friday by the Prime Minister, to avert the five week shutdown in the Nova Scotia coal mines;

That this house regrets further that the government has backed away from its commitment to promote the development of industry in the Atlantic provinces;

And particularly from its specific undertaking to ensure the use of coal in thermal plants assisted financially by the federal government.

Mr. Speaker: The Minister of Northern Affairs and National Resources (Mr. Hamilton) had a point of objection which perhaps he could make now if he wishes, unless he wishes to speak now.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I think I should like to extend my remarks beyond just correcting the errors in the statement made by the hon. member who just sat down. The hon. member for Gloucester (Mr. Robichaud) made a specific attack on the agreement between the federal government and the province of New Brunswick concerning the Atlantic Provinces Power Development Act, and particularly the use of coal in one of the thermal plants. During his remarks I asked him if he would not admit the truth of the statement that this government had made clear to the province of New Brunswick that during the present period of surplus coal in that province coal should be used in the east Saint John plant. His answer was that all he had to deal with, and all that he could put on the record of this house was the answer to the question which he had asked and the terms of this general agreement. Then, he went on to quote some passages containing questions and answers from the reports of the New Brunswick legislature.

Mr. Pickersgill: Nova Scotia.

Mr. Hamilton (Qu'Appelle): I stand corrected, of the Nova Scotia legislature. These passages, I believe, clearly indicated the answer I was going to give. The answer to this problem is very simple. The Atlantic Provinces Power Development Act was simply enabling legislation by means of which the federal government could make agreements with any one of those four provinces in connection with transmission lines in that area or thermal power plants. This general agreement is, as was stated by the premier of Nova Scotia, simply a master agreement which enables both parties to enter into an agreement on a specific proposal for thermal power plant, transmission lines or terminal facilities. This agreement has to come before the governor in council for approval, and there has to be a specific agreement made for each project. Naturally, when each project comes before this government the principles which motivated this government will be brought into being.

The suggestion that because this government did not put a clause in this general agreement insisting on the use of coal in every thermal plant in these four provinces is a suggestion that we should do something which is absolutely against the interests of the coal industries of Nova Scotia and New Brunswick. I want to make it very clear that the policy the hon. member advocates would, in fact, destroy the future of this coal industry in Nova Scotia and New Brunswick. It is on this point that he intends to make political capital, but he is not looking at the needs for future growth and expansion of these four provinces.

Mr. Pickersgill: On a point of order, sir, surely it is against the rules of this house to impute motives to an hon. member.

Mr. Speaker: I think the hon. member is drawing a rather fine line when he objects to the implication of political motives; that is done every day.

Mr. Pickersgill: I did not suggest political motives, sir.

Mr. Speaker: Should I say, partisan motives?

Mr. Hamilton (Qu'Appelle): I stated that by doing what the hon. member proposed he would do inestimable harm to the long-range future of that same coal industry which every member of parliament from the Atlantic provinces, and which every party surely must support. If one looks at the history of the Atlantic provinces one finds that since confederation there has been a gradual decline because they joined with the central provinces in an east-west movement, and this was not in accordance with the natural geography of the area. They made this great sacrifice in the interest of building, on the north half of this continent, a nation in which we could have our own way of life.

When this party was elected in June last one of the pledges we made was to lift up those regions and those groups in Canada which had fallen behind the national standard of living. There was no question in the minds of the people of this country, because by our spoken word on many occasions we specifically mentioned the fact that the maritime provinces and the prairie provinces, through no fault of their own, had fallen behind the national level. One of the first things this government did, therefore, was to fulfil that pledge in so far as the maritime provinces were concerned by introducing the Atlantic Provinces Power Development Act. The fundamental purpose of this act was to provide cheaper industrial power to the Atlantic provinces. Cheaper industrial power is not obtained by any single device. It is obtained by using every device known to engineers and economists to reduce the costs. The question of interest, particularly in hydro plants, and the question of the type of fuel as applied to thermal plants, the question of

building transmission lines interconnecting the various power grids, are all matters one might mention in this connection.

It is a matter of great pride that today in the province of New Brunswick they are planning to transmit power to Nova Scotia, and they are planning to receive power back from Nova Scotia. They are also selling power to the state of Maine, and doing very well from it. They would like, in the future, to see power coming from Quebec. This power from Newfoundland will come into their area and they, too, will be shipping power back to Newfoundland. It is by means of this interconnection that you achieve these great savings. Savings are also achieved by the technique of "peaking", whereby you get your lowest costs by using hydro and thermal in the correct sequence to give you the lowest cost to industry. We are trying to do all these things under this Atlantic Provinces Power Development Act. I, as a member of a political party, am quite aware of the things that were said before the election of June 10 in this regard. I do know that the then minister of public works, Mr. Winters, made a deathbed repentance and promised to look into this matter of subventions.

Mr. Pickersgill: That statement is not correct.

Mr. Hamilton (Qu'Appelle): I know that the first decision to pay subventions was made by this government. If any person has worked any harder than some of the members of this administration in trying to equalize the cost of power or at least the cost of coal in the manufacture of power in the Atlantic provinces, I should like to know who they are. We did achieve that on a temporary basis. We have agreed to examine all this periodically so that any plant manufacturing electric power from thermal fuel will have the same advantage in any Atlantic province as currently exists in the central provinces of Ontario and Quebec.

Having mentioned all these things, why then do I make this statement that to achieve what the hon. member for Gloucester has advocated means the destruction of the coal industry in the future. This is a very serious question and must be given serious attention. The reasoning I put forward is very simple. Our philosophy behind reducing power costs in the Atlantic provinces was to provide inducements to industry to use that capacity. It was on that one single point that the whole future development of the Atlantic provinces depends. If industry will come in, providing opportunity to work in the factories, there will be more demand for power. That has been the experience all across this country. Never in this country's history or, to my knowledge, in any other country's history, has cheap power been provided at any location that industry has not moved in to take advantage of that very valuable advantage of a modern industrial state. That was our thinking in the case of the maritime provinces. Certainly we use coal because with the supply there it does provide a very fine thermal fuel.

But my department has the responsibility of looking ahead not just for two or three years but for 30 years or 40 years to see the future of this country and to make plans for the multiple use of our resources efficiently. As the minister responsible I naturally must look ahead those years in the Atlantic provinces. The agreement calls for a 30-year agreement on thermal plant units and a 40-year agreement on the transmission lines. Who can tell at this moment that the demand for power will not be so great in the Atlantic provinces that all the coal available at present levels of production and beyond it will be used and that the demand for power will be so great that all forms of thermal energy will have to be used?

It is no secret, Mr. Speaker, that this government through the department which I head is aggressively seeking for ways and means to get a large supply of energy available in the Atlantic provinces in order to make possible a tremendously expanded iron and steel industry in this country. That is more important to the Atlantic provinces than any other single thing that I know of. It is important to the Dominion of Canada that we have a series of iron and steel industries across this country to take advantage of the opportunity which the present situation in the world makes very clear is ours. I refer to the fact that there are only two places in the world where there are vast unused quantities of iron ore. With supplies in the United States running thin, this obviously is our opportunity to make plans that will make use of this iron for processing here in Canada so that this country will become one of the greatest suppliers of iron and finished steel goods in the world. This is our objective and the maritime provinces are vital in that plan.

I point this out to the hon. member for very sound reasons. If he insists and if we insist that only coal be used in thermal plants for all time—

Mr. Robichaud: Would the hon. member permit a question?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Robichaud: Were not those exact words used by the Prime Minister during the political campaign: Not only are we asking but we are insisting that coal be used.

Coal—Shutdown of Nova Scotia Mines

Mr. Hamilton (Qu'Appelle): I happen to have a copy of the statement referred to and the words used are "asking and demanding" that coal be used in thermal plants. But what I am pointing out is this. We are asking and we are demanding that coal be used in thermal plants in the maritime provinces because we have full awareness of the needs of the coal industry in Nova Scotia and in New Brunswick. But what I am saying is this. To insist in a general agreement that only coal should be used would be suicidal and completely destructive of the long-range future of the coal industry in that area. The reasons I am trying to advance are simple. If the demand for coal is as great as mentioned, we shall have full use of all the coal we know of in the Atlantic provinces area, and in addition we shall be bringing in, I hope, with the co-operation of Newfoundland and Quebec, hydro power over long distances; and maybe in the lifetime of many of us here—in fact, I would say in 10, 15 or 20 years—you will see large nuclear plants in operation in the provinces to provide us with the energy we need.

I think I have said enough to make it clear that as responsible people we are asking and demanding from the government of New Brunswick that coal be used in this present emergency because it would be wrong for us to be helping the coal industry on the one hand and to be slapping them down with the other. But to insist, in a term of a general agreement going over 30 years or 40 years, that only one type of fuel would be used would be to put that power commission or any other power commission in the hands of one supplier or the other.

I could point out many technical advantages to show that any plant can use both facilities side by side. There is a plant in my home city of Saskatoon which has three sources of thermal power which they make use of one after the other or simultaneously, namely coal, gas and oil. I point out that if you go down to the province of Nova Scotia you will find that the Dominion Steel Company, which is a producer of coal and which is trying to get rid of its surplus, has standby oil equipment for logical technical reasons, namely to reduce their cost and to make their plant more efficient to carry the power to the people that need it. Any person that examines all the facts will recognize the injustice, the complete crucification you would bring on an industry by insisting that for a 30 year or 40 year period one fuel should always be used when these other things are developed.

In conclusion, Mr. Speaker, having dealt with this matter of coal, oil and nuclear power and hydro power in the province of New Brunswick and the Atlantic provinces generally, I should just like to make a few remarks in answer to what the hon. gentleman said at the end of his remarks. He spoke in terms of derision of the future that the Prime Minister envisaged, and he was kind enough to use my own name, and the hope of all Canadians for the future of this country. I think the term that has been used is "vision". I would just like to quote a remark or two on this matter. I have in my possession the speech delivered by my predecessor in this department, the Hon. Mr. Lesage, in which he lays down the policy of the previous government on this question of development in general. This speech was made in Toronto on December 13, 1956 and I should like to quote from it as follows:

> To go beyond that, however, to try to impose an over-all blueprint, a "National Policy", as some understand it, for resource management—to do that is to depart from the facts of our national situation. I have suggested already why such a "master plan" must fail of its purpose. In a country as vast as Canada, with widely different conditions and with different problems in different areas, there cannot be a single and unified policy for the management of resources.
>
> The fact that the British North America Act places resources under the control of the provinces is not a matter of accident or coincidence, it is rather a reflection of the basic facts of our national existence. Resource problems are generally regional problems or local problems and must be handled on a regional or local basis. Thus it is that the facts dictate, and our constitution requires, that our resource management be in the hands of the provinces. This is the framework and background in which we must see the problems of resource management and development in Canada. Accordingly, to advocate a "national policy" on a national basis as a responsibility of the national government is to misread the facts of our economy and the spirit and letter of our constitution.

Mr. Pickersgill: Does the hon. gentleman agree with those views?

Mr. Hamilton (Qu'Appelle): Those are the words of my predecessor in office and I am merely using them as an example of a policy that is diametrically opposed to the policy I advocate. I believe that statement by the responsible minister in the previous government lays down a philosophy which is foreign to the whole history of this country. We believe that the resources of Canada belong to the provinces and that we operate in the territories to the north of those provinces only in the sense that we hold them in trust for the people who will live there in the future. We also believe, as the very act which sets up my department instructs me to do, that it is the responsibility of the department to do planning for the most efficient co-ordination and use of those resources for all the people of Canada. That explains why this

government on many fronts is offering co-operative plans of resource development with each of the provinces in order that they may best be able to develop their own resources and best look after themselves. There is no question whatever of infringement on constitutional responsibilities. In fact, we lean over backwards in an effort not to force our will in any way at all even to the choice of roads or any other project on which we are co-operating.

I mentioned this speech as symptomatic of the thinking of the previous administration and I am now going to take the liberty of offering some advice to my hon. friends in the Liberal party. I am going to ask those hon. gentlemen to go back in their own history and read the speeches of men like George Brown and particularly the one by him published in the Toronto *Globe* one hundred years ago, in which he laid down a philosophy of agricultural expansionism and resource expansionism identical to that of this government. How unlike the narrow views expressed here today it is! As the years rolled on the Liberal party drifted away from that broad point of view. I invite hon. members to look at the record of the speeches of Mackenzie and see how cautious he was about approaching these problems. I urge hon. members to then look at the record of pessimistic statements made by Blake. I suggest to hon. members that they go back to their beginnings and read the words of men like Brown in which they will find an expression of the faith that made the Liberal party worthy of its great traditions. Or, if hon. gentlemen prefer a more recent example, I suggest that they look at the statements of Laurier and the record of his achievements in the opening of western Canada under the immigration policy he advocated. These things are in tune with the thinking of the Canadian people today. I ask hon. members of the Liberal party to forget the petty politics of the last 30 years of the Liberal administration in this country and to see Canada as I see it, and as I think all Canadians see it, as a nation which is manifestly moving towards a vast expansion and a potential population of 50 million, 75 million or 100 million with all groups and regions in the nation enjoying some measure of equality of opportunity within the general framework of the economic standards of the whole country.

I think if hon. gentlemen were to do that—remember their beginnings and forget the political events of the last 100 years—they would see the needs of this country as the ordinary people see them. They would not quarrel with this attempt to help the Atlantic provinces on a broad front and they would not bring in this petty little criticism in an effort to embarrass the government for the immediate advantage of any one group or another. If hon. members were to adopt this perspective they would find themselves in harmony with the thinking of the Canadian people of all political faiths and would perhaps ensure their return to this side of the house much sooner. But as long as hon. gentlemen opposite adopt the igloo to igloo attitude, the attitude that says the people of the maritimes do not count or the people of the prairies do not count, and that the ordinary people in all parts of Canada who look forward and try to see greater opportunities for their children do not count, then there is no future for the Liberal party.

I for one, and I believe most people who sit with me here, have grasped something of the challenge that confronts Canada today. Our quarrel with the previous administration is that it did nothing about it. On the contrary, hon. gentlemen of that party have expressed themselves in speeches in important places as being opposed to the whole idea of a national development policy and have repudiated the idea of a blueprint under which our resources can be developed on a national, co-ordinated basis without exploitation or waste.

I think the house will recognize that I have spoken without too much notice but when this question is raised and when the government is attacked on the ground that its national development policy is phony—I believe that was the word used to describe this measure to help the Atlantic provinces—then I am brought to my feet in defence of something that many of us hold very dear.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, in speaking to the amendment proposed by the hon. member for Gloucester, (Mr. Robichaud), I shall try to confine my remarks to those problems which to my mind are of immediate interest to the coal mining industry, the miners and the people of the maritime provinces. These problems can be classified under three different categories. First, the shutdowns and curtailment of operations to take place during the next two months in all the mines owned and operated by the Dominion Steel and Coal Corporation in the Cape Breton area and on the mainland; second, the threatened closure of further collieries; and, third, a problem of immediate interest which has been most adequately covered by the hon. member for Gloucester, that of the increased use of oil rather than coal in some of the thermal plants in the maritimes.

This is the first time in the post-war period that the miners and people of Cape Breton, Pictou and Cumberland counties in

Coal—Shutdown of Nova Scotia Mines

Nova Scotia have been faced with the shutdown and closure of mines as was proposed by the Dominion Steel and Coal Corporation on June 17 and which in fact have been put into effect as of June 23. The news confirming rumours of shutdowns and curtailment of operations in the coal mines must have come as a surprise to the coal miners and the people of Nova Scotia because it is not so very long ago that such rumours were denied. In fact, during the months of February and March and even as late as the month of May this year the people of Nova Scotia were told that the industry was in good shape, that there would be no lay-offs in the coal mines of that province and that a new era had come to the maritimes.

At a press conference in Halifax which took place on February 17, and as reported in the Halifax *Chronicle Herald* on the following day under the title, "No Cut Backs in Coal Production", Mr. Allan C. MacDonald, chairman of the Dominion Steel and Coal Corporation's management committee and executive vice-president of A. V. Roe Canada Limited, is reported as having said that the company was banking on an "expected upturn in the general climate" and the "success of an aggressive sales campaign to capture a greater share of the Canadian market now supplied by United States coal mines".

Mr. MacDonald is reported as having said:

"The company will continue stock piling coal to maintain a high level of employment and is appealing to its mining force to continue its high production." He added: "The bank of coal on the surface now warrants shutting down of some operations, but we are not going to do it. We want the miners to keep on with their good job and will do everything we can to sell the production."

To Mr. Tom MacLachlan, president of district 26, of the united mine workers union, this statement was heartening. As reported in the Halifax *Chronicle Herald* of February 18, following the above mentioned statement of Mr. MacDonald Mr. MacLachlan had this to say and I quote:

We are certainly heartened by the report and the assurances of continued high employment in the foreseeable future. The co-operation of the miners and the operators . . . will continue and we are all looking forward to a growing of the coal industry in Nova Scotia. The policy of the company . . . eliminates a costly process of unemployment in the industry. It calls upon governments to take stock of the co-operation between the miners and the operators and to lend whatever assistance possible to see that the banks of coal will be shifted and eliminate possibility of slack times.

Commenting on the statement of Mr. MacDonald, the provincial minister of mines, the Hon. E. A. Manson, had this to say, and I quote:

The announcement was cheering and welcome to the miners, the government and the people of Nova Scotia. The approach to the coal problem by the company showed courage and optimism . . . for which it is to be congratulated.

You will notice also, Mr. Speaker, that this announcement by the company came at a most opportune time from the point of view of the electoral chances of the Progressive Conservative party in Nova Scotia. The announcement was given wide currency. There is little point now in saying it was wrong, and that cutbacks have taken place. Also, in the Halifax *Chronicle Herald* of February 18, in an insert in the "no cutbacks in coal production" article, and I quote:

Toward the end of his 90-minute speech in the legislature last night, Premier Stanfield referred to the DOSCO announcement regarding continued full employment in the province's coal mines.

He said it was a magnificent and appropriate stand for the firm to take, and the government would co-operate with DOSCO in every respect to the full exploitation of new markets for coal.

We are justified, Mr. Speaker, in asking this question now: where are the new markets? We also ask whether Mr. Stanfield may not feel he was hasty in lending his own weight to assurances given last February that no cutbacks would take place.

In a Canadian Press dispatch from Glace Bay which appeared in the Calgary *Herald* of February 25, 1958, Mr. Harold Gordon, vice president of Dominion Coal Company and general manager of all DOSCO operations, in an interview which took place in his office at Sidney, is reported as having said this regarding the industry, and I quote:

Mr. Gordon said the industry's position now is better than it has been for a good many years.

"We had daily outputs last year which were the highest since 1940. Last year we sold every pound of more than five million tons we produced."

Mr. Gordon also explained that the proposed $30 million maritime thermal power system promised a new market for coal. "It will be a considerable help to the coal industry when everything proposed goes into effect", said Mr. Gordon, "and we will put ourselves into a position to supply all the coal needed."

As late as May 23, the company denied the rumours of lay-offs and cutbacks. In an article of that date under the title "Plan no Cut Backs" the Halifax *Chronicle Herald* had this to say, and I quote:

Although a 800,000 ton coal stock pile in Sydney continues to pose a serious problem no working force of operational lay-offs are planned in DOSCO coal mines, A. C. MacDonald, chairman of the corporation's management committee told executive officers of district 26 united mine workers at a conference in Sydney, Thursday.

Mr. MacDonald told the united mine workers delegation there would be no slackening of operations at the present time but did not minimize the urgency of obtaining new coal markets. Indications are that new Ottawa assistance in coal marketing

will be sought and union district president, Tom MacLachlan, Glace Bay, contended that additional federal government subventions could add more new markets in Ontario and dispose of the mountain of more than 800,000 tons of coal banked here.

Mine union officers questioned Mr. MacDonald, who was accompanied by DOSCO coal chief H. C. M. Gordon, and manager of public relations Arnold Paterson, about a question asked in the House of Commons Friday concerning possibility of 25 days idleness in Cape Breton Mines.

Mr. MacDonald said there has been no change in the company policy announced in Halifax February 17 when he said "there would be no colliery shutdowns" in the foreseeable future, and every effort would be made to gain new markets.

The DOSCO management committee chairman, assured the union executive that if it is necessary to increase their coal carrying fleet of eight ships, this would be done immediately if market conditions warranted it.

I ask you to take note, Mr. Speaker, that this was on May 23, 1958. The predictions of the officials of the company as to the position of the industry, the denials of possible shutdowns by the authorities and the forecasting of a new era in the coal mining industry of the maritimes by the Conservative politicians did not turn out to be very accurate.

On May 31, the *Financial Post* reported that the federal cabinet had already under consideration a request from the Dominion Coal Company for government backing for a loan to cover the 1958 operations. It was stated that DOSCO was in urgent need of funds to help maintain its planned rate of operations until it could collect payments for this year's delivery.

Mr. Morris: Mr. Speaker, may I rise on a point of order. The hon. member for York-Scarborough (Mr. McGee) and I have several times during the present session—there is nothing personal about this—drawn attention to hon. members reading speeches—

Mr. Robichaud: On what side of the house?

Mr. Morris: From this side of the house we have drawn attention to hon. members reading speeches. Allow me to speak on a point of order, if you will. Mr. Speaker, may I draw your attention to Beauchesne's parliamentary rules and forms, fourth edition, citation 144, which says:

It is a rule in both houses of parliament that a member must address the house orally, and not read from a written, previously prepared speech, for the reason that, "if the practice of reading speeches should prevail, members might read speeches that were written by other people—

We, of course, think that this is true.

—and the time of the house be taken up in considering the arguments of persons who were not deserving of their attention."

Specifically, we believe that these speeches are not only being read, but they are being written by a person who is not in the house and who has had a good opportunity to assist the coal industry. My point is that the former member for Inverness-Richmond has been replaced. My point of order is that the reading of speeches is against the rules of order.

Mr. Dumas: On the point of order raised by the hon. member, I must say to him I have some notes with me and I am following those notes.

On a question of privilege, Mr. Speaker, the hon. member has no right to say that I did not prepare my speech. I was here on Saturday and Sunday and all day today, and I have plenty of time in which to prepare my speeches and I must tell him that I can prepare my own speeches. The hon. member has no right to say that I did not prepare my own speech.

Mr. Robichaud: On a question of privilege, Mr. Speaker, I also wish to say something in connection with the remarks by the hon. member for Halifax (Mr. Morris). He mentioned my speech. My speech was prepared by myself on Saturday and Sunday. This is the second time this has happened in this house. It might be better if the hon. member looked at both sides of the house and then he would know what to say.

Mr. MacLean (Winnipeg North Centre): Mr. Speaker, if an hon. member wishes to speak in this house he should speak from his own seat.

Mr. Caron: This question has been raised a few times by the hon. member for York-Scarborough (Mr. McGee) and the hon. member who spoke a while ago, that some members are reading their speeches. I admit it is a fact that we should not read our speeches. If hon. members wish to insist on it, I say that they should not read speeches from their side and even the Minister of Finance (Mr. Fleming) will not read his speech next year.

Mr. Deputy Speaker: First of all, I must bring to the attention of hon. members the fact that they are not permitted to raise a point of order on a point of order. I must furthermore remind hon. members that they cannot accuse other hon. members of reading speeches which have been prepared by other people. This cannot be done unless definite proof is actually available.

Further, on this question of reading of speeches this matter has been brought to the attention of the house quite frequently during recent weeks. The quotation which the hon. member read from Beauchesne is quite right, that speeches must not be read. However, a certain discretion is always given in the reading of speeches because obviously

in some instances it would be impossible for some hon. members to make a speech unless they extensively consulted the notes in hand. The fact remains that, as has been said previously, hon. members are permitted more from a general acceptance than from anything else to consult their notes, but this practice of reading speeches in their entirety must stop at one point, and I believe this point has really arrived, and it will be my unpleasant duty to call to order members on both sides of the house from now on who read their speeches in their entirety.

Mr. Dumas: Mr. Speaker, just before the hon. member raised the point of order I was saying that on May 31 the *Financial Post* reported that the federal cabinet had already under consideration a request from the Dominion Coal Company, and I was starting to say that at that time it was reported that the stockpile of 1.4 million tons was somewhat larger than usual but that it was sold or at least covered by firm orders. It was further stated that the company had a very satisfactory fleet of ships and that it was moving the coal as rapidly as possible to Quebec river ports. The need of funds was only to cover this lag in payments.

Then, in another Canadian Press dispatch, as it appeared in the Ottawa *Journal* of May 24 last, the Cape Breton *Post* was reported as having said that a decision with far-reaching effects on the maritime coal industry was to be made by the federal cabinet within the next 10 days. The Cape Breton *Post,* in anticipating such a decision from the cabinet, is reported as having stated:

"A. V. Roe (Canada) Limited, which now controls the Dominion Coal Company through the Dominion Steel and Coal Corporation, has proposed a 20-day layoff in all collieries in addition to the five-week production cuts already announced", the newspaper says. "Roe also proposed permanent closure of two mainland mines and one in Cape Breton.

To avert these moves the government was asked to grant the company a loan of major proportions designed to carry the industry through the next two years," the *Post* says.

First of all, Mr. Speaker, rumours were to the effect that the company needed help only for the balance of the current year; that a request was before the government for consideration, and that such help was considered sufficient to maintain operations as they were planned and, also, what is more important, at that time there was no mention whatsoever of any kind of lay-offs. Three weeks later shutdowns and curtailments were ordered and put into effect. Now that the shutdowns and curtailments are in fact a reality we are told that the company will need government backing for two years unless additional lay-offs are made and permanent closure of three mines takes place.

If what I have just said is factual, there are a few questions which need to be answered. Why was the public not informed about what was happening? Why were the miners given to understand last February, and then again in May, that no idle time was contemplated? What happened during those three weeks between May 31, when the first rumours came out that Dosco might be in need of help from the government, and June 23 when lay-offs started to take place? During that period did the company really put its problem before the government? Was it made clear to the government that unless some help was forthcoming there would be immediate lay-offs at the mines? Was the company turned down because it was felt that those demands were exaggerated?

We were told by the Prime Minister on Friday that a suitable arrangement had been made between the government of Canada, the provincial government and the company whereby assistance would be provided in order to avert additional lay-offs and permanent closure of three mines, as previously announced by the company.

The statement of policy as outlined in the House of Commons at six o'clock on Friday by the Prime Minister reads as follows, and I quote from page 1738 of *Hansard:*

After full consideration and on the recommendation of the minister of mines the government has decided that in order to help maintain employment the subvention policy now in existence will be extended so as to include among the cost audit items to be determined by the controller of the treasury the amount of the insurance stockpile and interest charges of the excess coal stockpiled this year and the government of Nova Scotia has agreed to share in these additional costs with the federal government. I am glad to report that this action will result in the company being enabled to maintain at a high level employment in the coal mines it operates.

Earlier in his statement the Prime Minister said, as found on page 1737:

Even in the face of those reductions in working days—

The Prime Minister was talking about the immediate 25-day lay-off in addition to the period of regular holidays with pay.

—the company has estimated, and that estimate has been confirmed by the dominion coal board, that by the end of the year 1958 there would be in stockpile 750,000 tons of coal in excess of the normal average carryover.

The Prime Minister also stated:

—company officials undertook that at the end of the 25-day lay-off already announced the company would continue its normal operations providing it

is compensated for the additional cost to which it would be put to maintain the excess over and above the normal stockpile.

The newspapers of Saturday, following the statement made by the Prime Minister, reported that an unofficial estimate of the total cost of the measure announced by him would be $500,000 and that four-fifths of the cost would be borne by the federal government and one-fifth by the provincial government. It was also reported in the same Canadian Press dispatch that the scheme parallels the assistance given to the Britannia mine in British Columbia. If this is so, I hope that the end results in the coal mines of Nova Scotia will not parallel those of the Britannia mine.

The announcement by the Prime Minister on Friday presumably will have the effect of avoiding lay-offs after the period of the 5-week shutdown until the end of December, 1958. All that the Prime Minister did was to look after the company's charges on the stockpile in order to prevent shutdowns in the period from the middle of September to the end of December. For this the coal miners of Nova Scotia and the people generally are certainly grateful but, we wonder what will happen after December 31, 1958. Are we to understand that the government will extend assistance after December 31, 1958? We were led to believe that the company really needed assistance for two years in order to be able to keep production going and to avoid lay-offs.

We realize the importance of the coal mining industry. Possibly the hon. member who interrupted me a few minutes ago was not aware that I am interested in the mining industry, whether it be coal mining, gold mining, copper mining or zinc mining. I am also as much interested in the people of his own province because after all they are Canadians. Let me tell the hon. member that in my home town of Malartic there are many people who came from Nova Scotia in 1929 and 1930 to work in our mines. All of them are my best friends. They were called Nova Scotians but they were good miners and they were welcome in my constituency. They were welcomed to Malartic. They were strong, hard working men and they are still living in the province of Quebec. They have been there for the last 20 or 25 years and we are glad to have them with us.

Therefore if I take the opportunity today to talk about coal mines it is because I am interested and also because I know something about them. I know very well that if the government does not do something very soon the coal mines of Nova Scotia as well as the coal mines of the west will have further trouble.

The minister who preceded me wanted us to forget the political events of 100 years ago and then in the same breath he said that we should go back to Laurier. He did not want us to go back 100 years. He wanted us to be realistic. Let me tell him that the previous government was realistic and did a lot to help the coal mines. The dominion coal board was organized. Subventions were paid to the coal mines for the transportation of coal. Different research branches were organized.

It is true that the present government increased the subventions but now that they are in power it is their duty to do more for the coal mines. They told us in the past that we did not do enough. Now it is up to them. It is their duty and they promised the people of the maritime provinces that they would do something. We leave it up to them now and we hope that they will do something not only for the coal mines of the maritime provinces but for all the Canadian coal mines spread across the country.

Mr. R. C. Coates (Cumberland): Mr. Speaker, it gives me great pleasure to rise this afternoon and speak on the amendment. First, may I say to the hon. member who has just sat down that I welcome his interest in the Nova Scotia coal mining industry as I am sure all members from Nova Scotia and elsewhere in Canada do. Furthermore, may I say that I welcome the new look of the Liberal party toward the coal mining industry of Nova Scotia, the fact that they now realize that there is a coal industry in Nova Scotia and have some suggestions to make about it. Such an attitude was certainly lacking during 22 years they were in power and the economy of Nova Scotia is certainly the worse off for it.

The hon. member made some mention of some of the things that his party had to say about the Nova Scotia coal mining industry when the Liberals were in power. I should like to put certain remarks on *Hansard* as to what his party did feel about the industry. I should like to quote first from an editorial published in the Fredericton *Gleaner* of January 23, 1958. This is part of the then prime minister's (Mr. St. Laurent) statement regarding the coal industry and has reference to some of the facts that were put to him leading up to his answer in that regard. This is what Urwick Currie Limited had to say about Nova Scotia industry as found in the report of the Gordon commission on Canada's economic prospects:

The principal producers of coal in Nova Scotia are carrying out an extensive program of mechanization. It is expected that this program will be completed in 1960. It is estimated that the mechanization of the mines will result in a substantial increase in output per man-hour. This means according to estimates contained in our study

on the Nova Scotia coal industry that if there were no reduction in employment, an additional two million tons would be produced each year. On the other hand, if production is not increased the services of some 4,000 out of the 11,000 mineworkers presently employed will not be required.

What was the answer of the former prime minister to that? Let us examine his answer in the light of that situation. Mr. St. Laurent, in his Fredericton speech, was referring to the proposal pulled out of a hat by Mr. Winters just before the June 10 election campaign with relation to assistance to the economy of the maritimes by thermal power. Mr. St. Laurent said:

Now, will maritime coal continue to be the cheapest fuel for the production of power for all time? I do not think it will. I think that coal is going to become more valuable for chemical and synthetical processes than it will be as a fuel. In the meantime, of course, we want these coal mines kept in operation because we do not want the coal mining towns to become ghost towns. But so far as I am concerned, so far as my opinions may carry weight in the decisions that are taken, we are not going to encourage substantial increase in the production of coal because I do not think that that would be fair to future generations of Canadians.

May I ask there, I wonder how fair it would be to the 120,000 people in Nova Scotia who are dependent on the coal industry.

Mr. Robichaud: What is the present government doing?

Mr. Coates: I will tell you what the present government is doing my friend. If you gentlemen had done what you should have done when you were setting over here, you would not be over there now. We would not have shut you out in Nova Scotia because you never did anything for us.

Mr. Robichaud: That is a poor reply.

Mr. Coates: I go back to the quotation from Mr. St. Laurent:

But so far as I am concerned, so far as my opinion may carry weight in the decisions that are taken, we are not going to encourage a substantial increase in the production of coal because I do not think that that would be fair to future generations of Canadians. I do not think it is fair to future generations of Canadians who will know they did not benefit from the greater value.

In other words, as the editor says, the coal should be left in the ground.

Mr. Pickersgill: That is not what Mr. St. Laurent said.

Mr. Coates: I did not say that is what Mr. St. Laurent said, but that is the conclusion reached by this editor and, so far as I am concerned, I join him in that conclusion.

[Mr. Coates.]

Mr. Pickersgill: I wonder if the hon. member for Cumberland (Mr. Coates) would permit a purely factual question?

Mr. Coates: I should like to finish my speech. Since I have been in this house I know that the hon. member has been on his feet more than he has been in his seat, and when you sift what he has said you find that it all adds up to nothing. I do not feel I want to be disturbed.

I should like to make reference to another former minister in the government, the Hon. Mr. Sinclair. In Nova Scotia, he made a statement that the uneconomical coal mines should be closed and the people should be shifted to Ontario. That is a different story from the one the hon. gentlemen in opposition are now telling. What is the reason? The reason is that the people in Nova Scotia have shown the members of the opposition what they thought of their policies in the past. May I add a further remark at this time? The maritimes have indicated very clearly to the rest of Canada that they want the Progressive Conservative party in power because the Conservatives are going to see that maritime children can remain at home and have the same opportunities as any others in this great country.

Mr. Pickersgill: Certainly, the coal miners can stay at home for the next five weeks.

Mr. Coates: I am not referring to Newfoundland because I consider Newfoundland has not been a part of Canada long enough to realize the difference between Liberal promises and Liberal action. As soon as they find out, they will get rid of the Liberals.

Mr. Robichaud: They have no place to go for work now.

Mr. Coates: These hon. gentlemen across the way have said that we never did anything or we have not done enough or we have not done this or that. Let me say this. This long sheet of paper contains all the things the Conservative party has done for the Nova Scotia coal industry. Let me say further, that the people of Nova Scotia did not forget that. They showed they remembered on March 31, and they will show it a great many more times in the years ahead.

Mr. Robichaud: Phony promises.

Mr. Coates: The hon. member can talk about phony promises. I grew up in an area about which the Liberals made many phony promises. Let me quote something from the report of the royal commission on Canada's economic prospects. This will give a little

better idea of the differences between Liberal promises and Liberal action. On page 403 of that report, I find:

However, as shown by chart 19.I, average incomes in this region—

They are talking about the Atlantic provinces and the north.

—have remained below the averages for the rest of Canada. In 1926, for example, the average income per capita in the three maritime provinces was 38 per cent below the average for the other six provinces; in 1939 the corresponding percentage was 32 per cent; in 1946—

Which is after the war and the prosperity that we had in this country for five years.

—it was 24 per cent.

In 1955, after all those great years about which they told the people of Canada under a Liberal administration, where did we go? We went to 33 per cent. We went backwards again. The people in the Atlantic area saw we were going backwards. If you take the Atlantic area, we are back to 37 per cent below the average. If you read still further in this report, you find this:

In 1955, average family incomes of people living in metropolitan centres in the three maritime provinces were only about 15 per cent below those of average family incomes of city dwellers in the rest of Canada.

Where was the rural population of Nova Scotia? It was certainly a long way behind other rural areas, and after all those great years of Liberal reign in Canada.

Now, what have we done for the Nova Scotia coal industry? I am very proud of this, and I am very proud to be a member of a government that did this for the town of Springhill. The government said that the No. 2 colliery in Springhill would not close down. This government took one small town in this great Dominion of Canada and said, "We will help you; you need help. You have proven it in the past. You have the guts and stamina which is part of this great Canadian nation. We are going to see you get the help you need." This help was extended first on August 22, 1957 and was extended last April. The government said they still needed help; that is the kind of government to have in this country.

On February 18, 1958, the cabinet issued a directive to government departments that Canadian coal be used in all government coal-burning installations where the laid-down cost of such coal does not exceed the competitive cost of other coals by more than 20 per cent. On August 22, 1957, approval was given by order in council under the Maritime Coal Production Assistance Act to the grant of a loan for the purpose of colliery mechanization to one of the smaller coal producers in Nova Scotia. On November 18, 1957, approval was given also by order in council under the Maritime Coal Production Assistance Act to the grant of a loan for the purpose of colliery mechanization to one of the larger coal producers in New Brunswick.

On April 14, 1958, as reported in the Halifax *Herald* of April 15, 1958, we have these changes: Raised the amount of government assistance for the transportation of coal to Ontario and western Quebec from the present 45 per cent of freight rates to 60 per cent; extended subvention on Springhill coal until March 31, 1959.

Those were some of the things. Then we had the Prime Minister on Friday rise in this house and give still further aid to the Nova Scotia coal industry. I regret, as does the government, that there still is going to be a 25-day lay-off of the men in the mines in Nova Scotia. We regret that fact. But we provide the aid to see that in the future they are going to have full employment. I think that the people of Nova Scotia will appreciate what has been done, will understand what this government was faced with and will understand that this government, in co-operation with another Conservative government in Nova Scotia, will work together to the end that they will see to it that the Nova Scotia coal industry, and thereby the economy of Nova Scotia, which is directly dependent upon this industry, will have a future ahead. Furthermore, might I say that we in the east look to this northern development program so well explained by the Minister of Northern Affairs and National Resources (Mr. Hamilton) as the vision, and which hon. gentlemen on the opposite side of the house—

Mr. Robichaud: Illusion.

Mr. Coates: —refer to in so many different ways.

Mr. Robichaud: Illusion.

Mr. Coates: We see there the beginning of a new economy in the Atlantic area. Why? Because we are not faced with some problems that are faced in western Canada with regard to roads to resources. We have many ports in Nova Scotia and Newfoundland by means of which to get at the iron ore in Baffin island. We have the thermal power program in the Atlantic area to provide cheaper power. We have coal in Nova Scotia. With those three and with the future potential of the power resources in the Hamilton river area, we could easily become one of the great steel producers in Canada and maybe in the world. We have the ports and we have the people with the ability and the initiative to see that this program is started

and that it leads us into a new era in which, as I said before, our children do not have to worry about going to the central area or about getting a one-way ticket purchased for them by any government in this country. They will have their opportunities at home and they will be able to enjoy them.

Mr. Robichaud: They will have no place to go, as they have now.

An hon. Member: That is cheerful.

Mr. Coates: We are looking forward to this era, not as a joke but as a dream that is going to become a reality. This is the government that is going to make it a reality.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, this amendment which has been moved by the hon. member for Gloucester (Mr. Robichaud) will give all hon. members an opportunity to express the regret which I am sure we all feel that, in spite of the measures announced by the Prime Minister (Mr. Diefenbaker) last Friday, there will still be a shutdown in the coal mining industry in Nova Scotia for five weeks. The Prime Minister's statement was greeted with warm applause, but I believe that applause was given spontaneously before hon. members realized that the measure did nothing more than postpone this problem to some future date. Certainly all the measure announced was that the cost of adding to the stockpile, together with the extra charges for carrying that stockpile, would be met and that, as a result of this provision, there would be no further shutdown beyond the five weeks as already announced and which will continue in spite of the measures.

If these measures could have been announced a little earlier there is no reason why this five weeks' close-down should have taken place. In replying to the hon. member for Gloucester the Minister of Northern Affairs and National Resources (Mr. Hamilton) dealt with one point only. He concentrated on the fact that it might not be wise to write into an agreement a clause which would make it binding to use coal for a period of 30 years or 40 years in the future. However, he did nothing to explain the charges made by the hon. member for Gloucester that assurances had been given by company officials and by the premier of Nova Scotia and other members of the legislature that this shutdown would not take place. Neither did he explain the statement made by the Minister of Mines and Technical Surveys (Mr. Comtois) some time ago that this stockpile of coal had been sold and was only awaiting transportation.

If the miners received cold comfort from what the Prime Minister said on Friday last, they must get even less comfort from the words of the Minister of Northern Affairs and National Resources in that he asked them just to be patient and just to think of the great vision in 30 years' or 40 years' time, that we are going to get a great steel industry up in the north and that will make up for all the trouble and suffering which they are going to undergo at the present time.

This stockpile or this overproduction represents a reflection of the decline in our economy. If we are going to find a solution to that decline, surely the solution must be three-fold. In the first place, an effort must be made to stimulate our present business firms which are suffering from a decline and to get them expanding again. In the second place, new industries must be developed. In the third place, efforts must be made to increase our markets for coal. The blueprint for this industrial expansion has been drawn up by different bodies. It was laid down by the premiers of the Atlantic provinces in a conference which they held in Charlottetown last September. Prior to that, I think in last March before the election, the Conservative candidates for the Atlantic provinces met in a conference in Moncton and produced what I suppose they regarded as a new Atlantic charter. That charter was referred to in the July, 1957 issue of the *Atlantic Advocate* as consisting of seven resolutions which for the convenience of hon. members I should like to put on the record. They are headed "The Atlantic Resolutions" and they read as follows:

1. A national development program of federal assistance for developing the resources of the Atlantic provinces, having regard to their differing needs and varying financial capabilities.
2. Industrial decentralization, by placing a more equitable share of defence contract expenditures within the Atlantic provinces; by the establishment of crown corporations; and by encouraging private enterprises to locate in the area and to encourage the processing here of our natural resources as a result of special fiscal considerations.
3. Atlantic provinces power development by means of financial assistance for the development of low-cost electric power which would fully preserve the rights of the provinces to build and operate both thermal and hydro installations and transmission lines and by immediate subvention on coal produced in the region and used for generating electric power therein.
4. Adjustment of freight rates and provision of transportation facilities to allow our producers reasonable access to the markets of Canada.
5. Capital projects program to provide federal capital assistance for provincial projects designed to enlarge the basic economy of the area.
6. Special adjustment grants for all provinces with a per capita income substantially below the national average. The claims of Newfoundland to better financial terms should receive recognition.
7. The establishment of a Canadian coast guard.

I submit that this is a very fine blueprint for the development of the Atlantic provinces

but a year has now elapsed since this government took office and we have yet to see anything done for the maritime provinces beyond the special grants which were made at the last session. As indicated in these resolutions the federal government can do a great deal to assist in the development of the Atlantic region. Reference was made in the throne speech to the setting up of a small branch in a government department for advice to small businessmen. I believe this would be a very good move but when and if it is done I would suggest it would require much more than just a small office with two or three advisers. If that organization is going to be of any effect it should be organized on a regional basis in very much the same way as the national employment service is now organized.

There are some things which the Atlantic resolutions did not refer to and better communications is one of them. This is something that is absolutely essential if we are to develop our maritime industries. Transportation has been referred to and that is perhaps our greatest handicap particularly in Newfoundland. In spite of subsidies and special freight rates, transportation costs are a millstone around the necks of all small industries in the Atlantic provinces.

Something should also be done to encourage investment and that would require special tax concessions and depreciation allowances. More can be done than is being done at the present time to encourage the local industries we already have. We have many fine small industries in the maritimes which produce products of an excellent quality which could be utilized by the government in its construction programs. I have referred to some of these on other occasions. In Newfoundland we produce first class cement, fibre board and birch veneer, all of which is of a high standard. In the maritimes we produce excellent brick, aluminum windows and doors and other products which could be given special consideration by this government when it has purchases to make in its own building programs.

Mr. MacInnis: Did the old government do it?

Mr. Carter: The Department of Defence Production could also do much more than it is doing to encourage the existing industries in the maritimes. If the government intends to tackle this problem in earnest then defence production contracts should be awarded on the basis of factory prices. There are many items which we can produce at a lower market price than can be produced elsewhere in Canada but when transportation charges are added, particularly on the cost of products from Newfoundland, then our costs are higher and of course we cannot compete for the contracts. By this simple device of awarding contracts on the basis of factory prices assistance could be given to the many excellent small companies we have in the maritimes.

I remember that tenders were called for shoes for the army a couple of years ago. We have an excellent shoe factory in Newfoundland which can produce an article perhaps as good as any produced elsewhere in the world. The company tendered on that contract. The factory price was lower than that of the firm which was awarded the contract but because our transportation costs had to be added to the factory price to comply with the terms of the contract that order from the Department of Defence Production was lost to our province.

Mr. Bell (Saint John-Albert): Would the hon. gentleman permit a question. If this occurred two years ago why did not the hon. member for Bonavista-Twillingate (Mr. Pickersgill) do something about it?

Mr. Pickersgill: He did, and they got the next order.

Mr. Bell (Saint John-Albert): Why did you not do something for the factories in New Brunswick, then?

Mr. Carter: One of the prime requirements for industrial development in the maritimes, of course, is the production of cheap industrial power. In this connection our government should take into consideration the inequality which now obtains as between public versus private distributors. It is true that if electricity is developed and distributed by a public body they have tax concessions which private enterprises do not have and which they must pay. Public bodies have an advantage in that way which I think should be permitted no longer. This could be done very well by granting tax concessions to private enterprises which are engaged in the production and distribution of power. Unless that is done the subsidies which are handed out by this government with one hand are taken away with the other hand in the form of income tax.

A third thing which could be undertaken is the expansion of markets. Of course this is a responsibility shared not only by the provincial and federal governments but also by the industry itself. This government has a responsibility because the coal which we are discussing today is a resource which is the property of the provinces. That resource should be converted into wealth while there is time to do it. The time will come perhaps sooner than we think when nuclear power

will produce electricity cheaper than it can be produced from coal. Probably many hon. members will have seen the article which appeared in the local press a few days ago which said that before long this power could be produced at the rate of 6 mills. Once that happens the coal we have in our provinces underground will lose much of its value because its use as a fuel will go out of existence and other uses will have to be found in the production of dies, synthetics and chemicals.

When that day comes it will perhaps be a good thing for the coal industry, but we should be looking forward to that stage now and research should certainly be going on as fast as possible in order to find other uses for our coal. The time is running out when we can depend on it to sell as a fuel. Governments can help by using more coal to heat government buildings, and in thermal plants, as long as Canada is over supplied. The industry itself shares this responsibility with the government and I am not satisfied that in the past it has done all in its power to find new markets for coal or to expand existing markets.

As far as the Nova Scotia coal industry is concerned, it has had a first rate market on its doorsteps in the province of Newfoundland. We have been dependent on Nova Scotian coal for ages but the policy of the coal company was to take this market for granted. They did very little to expand this market and as a result, in spite of our increased population, the consumption of coal in Newfoundland has declined drastically over the last few years, although, at the same time, the consumption of oil has just about doubled. In 1953, the total receipts of coal in Newfoundland amounted to 275,000 tons, but in 1957, despite the increase in the population, it had declined to 258,000 tons, the latter figure including imports from the United States. On the other hand, 509,000 barrels of kerosene and stove oil were consumed in Newfoundland in 1953, a figure which had risen to 971,000 barrels in 1957, just about double. A lot of that imported oil could have been displaced by coal if our people had been treated fairly and if the company had done all it might have done to ensure a supply of coal of good quality at a fair price. But I have myself seen fishermen buying coal which was nothing but dust, much of which blew away when they took it out of their boats and still more blew away while they were waiting to get it into their houses. And for that they had to pay the highest price, between $25 and $35 a ton. A market cannot be developed when this kind of service is given and I think the coal company must accept a good deal of the blame in this respect.

Speaking in this house on July 25 I suggested that coal depots should be established along the south coast of Newfoundland, because it would have been in the interest of the coal company to have found some means of distributing this coal at a fair price. What was happening at that time was this: our ships were going to Sydney and being tied up in Sydney harbour for up to two or three weeks, with all the extra costs of demurrage, waiting to get loaded. This demurrage cost was added to the cost of transportation. The answer to this problem would be to find some means of carrying the coal in a special ship whose cargo could be quickly unloaded, stockpiled at various points on the coast of Newfoundland, and distributed from the central points to the smaller harbours. This system, if it had been adopted, would have reduced the cost of coal considerably and instead of purchasing only one ton or a ton and a half—all they could afford—the fishermen might have been able to buy three, four or five tons at a time. The answer, if this government intends to do anything to maintain what bit of the market the industry still has, is to pay subventions on freight between Sydney and Newfoundland with regard to water-borne transportation. The former member for Montmagny-L'Islet (Mr. Lesage) raised this question in the house on January 14, 1958 as reported in *Hansard* on page 3317.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but it being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Carter: Mr. Speaker, when the house rose at six o'clock I was referring to the opportunities of expanding the coal market in Newfoundland, and I had said that in order to do this it would be necessary to pay some subvention or subsidy on the water freight between North Sydney and our province. The Prime Minister (Mr. Diefenbaker) himself is aware of this need, as he is reported in the Halifax *Chronicle Herald* of May 3, 1957, as stating at Amherst, Nova Scotia, on May 2, 1957, as follows:

"What we want", he asserted, "is coal subventions within the province."

And again at Minto, New Brunswick, on June 1, 1957, as reported in the Montreal *Star* by the Canadian Press on June 3, 1957:

> The Conservative chieftain speaking to party supporters in the coal mining community of Minto, New Brunswick, said "there should be and must be a subvention on coal transported within these provinces for power purposes."
>
> Cheaper power for the maritimes and assistance for the maritime coal industry could be obtained, he said, if subsidies were provided for inter-maritime coal shipments.
>
> During discussion of the federal government's decision to join in the financing of coal-fired thermal power plants in New Brunswick and Nova Scotia, Mr. Diefenbaker said the Conservative party's policy "is to give provinces a type of co-operation they have not had in the past."

Not only must subventions be paid on coal for power purposes but also for consumption in homes in Newfoundland if coal is to be made competitive with oil, which is being used to an ever-increasing degree, as I pointed out earlier this afternoon.

In my own riding there is an opportunity for expansion on the Burin peninsula where we have a considerable shortage of power at the present time. Not only are there large communities like Marystown, Garnish, Creston, which do not yet have any electric power at all, but the fish plants and the mining operations at St. Lawrence are very greatly handicapped on account of the lack of cheap power. The St. Lawrence mines, like the Sydney coal mines, have been closed down. In fact, one of the fluorspar mines at St. Lawrence has been closed down now for over a year with 200 people out of work.

Then, again, there is the proposed development of the free port at Mortier bay. If this dream ever comes true a great deal of electrical power will be required, and that power is not easily obtainable in that particular neighbourhood at the present time. It may be possible to develop Hydro power at bay d'Espoir and transmit it to Mortier bay; but an economic survey might prove that this power could just as cheaply be delivered on the spot by use of thermal units. Here again is a prospective opportunity at least for an expansion of the coal market in Newfoundland. It would therefore be to the advantage of both of our provinces if the federal government got behind this proposal for the development of a free port at Mortier bay.

As I said before, if the coal is to be used at all, some subvention must be paid on the waterborne transportation. When I was interrupted at six o'clock I was putting on the record a passage from *Hansard* which was an exchange between Mr. Lesage and the Minister of Northern Affairs and National Resources (Mr. Hamilton) about this question. The exchange is to be found at page 3317 of *Hansard* of January 14, 1958, and I quote:

> Mr. Lesage: I see. If Newfoundland should sign an agreement for thermal plants would the cost of water transportation be taken into account?
>
> Mr. Hamilton (Qu'Appelle): The question is hypothetical but well thought out.

Further down, after other exchanges the minister said:

> Mr. Chairman, all I can say is that the same principles of fair play and justice will be applied to Newfoundland as to either of the other two provinces.
>
> Mr. Lesage: That is very vague, of course. I would like to know whether Newfoundland will benefit to the same extent as the other Atlantic provinces?

I quoted this extract from *Hansard*, because in spite of the statements of the Prime Minister, which I mentioned earlier, when the question was brought up during the thermal power debate in this house last session the Minister of Northern Affairs and National Resources (Mr. Hamilton) was very vague as to what extent this freight subsidy, if any, would be applied to water freight charges on Nova Scotia coal going to Newfoundland.

This afternoon the Minister of Northern Affairs and National Resources again treated us to this great vision of a great steel industry in Canada, utilizing the power of Hamilton falls which would take place in perhaps 30 or 40 years time. Well, Mr. Speaker, we all know that; we all subscribe to that; we know it will come some day and it will come regardless of which party is in power. It will come when our population has expanded to the point where our domestic market can support such an industry; it will come then and not before. We must not allow ourselves to be blinded by visions of this kind; we must do as the Acting Prime Minister pointed out this afternoon; we must try to live in the present and the realities of the present day are that the coal industry in Nova Scotia is in a depressed condition at the present time and miners are out of work and will be out of work for five weeks in spite of the measures which have been taken on their behalf.

The Minister of Northern Affairs and National Resources admitted that this economic decline in the maritimes has been going on since confederation, and he referred to it as the sacrifice which the maritime provinces have paid and will be paying to make Canada a nation. What we want in the martimes is for governments to face up to those realities and not wait 30 or 40 years to have this vision come true to end all our troubles in the coal industry. There is no reason why the Atlantic provinces should become a permanent poor house. There is

no necessity for it. We have a great deal of undeveloped resources and a little co-operation from all concerned along the lines I have suggested will bring this development about.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, on this occasion my remarks will be brief. As a member of the united mine workers from Glace Bay representing miners who today find themselves on the street more or less because of their own efforts in producing coal, I feel justified in making a few remarks. I am grateful for this opportunity for two reasons. First of all, I am grateful that the government has seen fit on two occasions to alleviate the problem by increasing the subventions and has at this time met the request of the A. V. Roe Company in order to prevent further lay-offs. Second, I am grateful, and I emphasize this reason, because of the fact that there has been a change from the situation that existed under the previous administration.

I say that because their attitude towards the coal mining industry of Nova Scotia was very well brought out by the former prime minister in Fredericton, New Brunswick, when he said that coal was too valuable a product to burn and should be left for future generations to be used in the manufacture of synthetic articles. In addition, there was the attitude of the former minister of fisheries who said in effect in Antigonish, Nova Scotia, that he did not believe in subventions for the sole purpose of alleviating unemployment.

I will have to check the records to find out whether opposition members who spoke today made the same remarks about the coal industry a few short years ago when there were also cutbacks. I know that in my own colliery I had three weeks of idleness because of cutbacks and at that time nothing whatsoever was done by the former administration. Therefore I am surprised at their attitude today which has been one of great concern for the coal miners. I must agree with the Minister of Public Works (Mr. Green) that they are concerned about the coal miners only because they wish to take advantage of the situation to further their own political aims. That was brought out by the hon. member for Burin-Burgeo (Mr. Carter) who had much to say about the problems of Newfoundland while speaking on the coal situation in Cape Breton. I give him full marks for the fact that he did touch on the question of markets and transportation. That is the only contribution towards this debate that has come from the opposition side of the house today. He at times made reference to the coal markets in Newfoundland and the transportation problem.

The attitude of the C.C.F. towards this situation was brought out very clearly on Friday when the Prime Minister (Mr. Diefenbaker) made his announcement concerning the aid to be given to the coal industry. One of the C.C.F. members immediately jumped to his feet to ask the Prime Minister about the possibility of extending the same assistance to coal miners in another part of the country. In my opinion this is not the way to help the coal miners of Nova Scotia.

I could go into the history of the coal mining industry in Cape Breton very thoroughly tonight but I do not think it would serve any great purpose. I could go back to the time of the Sir Andrew Rae Duncan reports of 1926 and 1932 which indicated that the coal mines and coal miners of Nova Scotia contributed much to other industries. The commission report brought out the fact that the coal miners were subsidizing other portions of the corporation, and at that time the miners stood pat on their wage demands simply to help out these other subsidiaries. It was in recent years before the new company took over that the policy was changed and put the miners at a disadvantage. The policy was adopted that the company would place the coal mining operations in a category of their own and that those operations would have to show their own profits, but considering the fact that in previous years the miners had subsidized these other industries I think the miners were placed in a very unfair position.

I would ask hon. members to compare the Sir Andrew Rae Duncan commission report which said that the miners should be given a raise and that they were earning it with the recent Gordon commission report. As has been pointed out by members on this side several times, the only solution put forward by the Gordon commission to alleviate the situation in the mines of Nova Scotia was to practically tell them to get out of the province.

This question has come up in the house several times in the last few weeks and great concern or supposed concern has been shown on the part of many members of the house. I should like to correct any misapprehension about representations from the united mine workers of America. I have spoken to the president and other representatives of the union here in Ottawa within the last couple of days and they brought it clearly to my attention that never on any occasion have they sent a telegram to any member of the house. I should like to point that out so that hon. members will not be misled by somebody getting up and waving telegrams and

saying they have received them from the united mine workers of America. That is not so.

Mr. Robichaud: Mr. Speaker, I think the hon. member deserves correction because a telegram was received by a member of this house.

Mr. MacInnis: The hon. member saw fit to stand in his place one day within the past few weeks and say that he had received representations from the united mine workers of America. I do not know whether or not I am in order but if that is so I should like to see that telegram tabled. I do not know whether or not it is in order to ask for it.

Mr. Robichaud: I said at the time that I had in my hand a telegram which was sent to a member of the house.

Mr. MacInnis: You used the words "united mine workers".

Mr. Robichaud: From the united mine workers.

Mr. MacInnis: Mr. Speaker, I would again bring it to your attention that I was informed by the president and the international representative of that organization that at no time was a telegram sent from the united mine workers office in Glace Bay. Not having the experience that the hon. member has, I may not be too familiar with the rules, but if I am correct I should like to see that telegram tabled.

Mr. Robichaud: Again I wish to state that I had a telegram which was sent to a member of this house.

Some hon. Members: Table it.

Mr. Robichaud: I know you do not like it.

Some hon. Members: Table it.

Mr. Speaker: Order. The rules and practice of the house require a member to accept the statement of another member made in his place. They also entitle a member to have a document tabled which is quoted but, of course, that should be asked for at the time the document is used.

Mr. MacInnis: Mr. Speaker, as I said, I was not too sure whether I was in order in requesting that the telegram be tabled. Since I am not in order, I am quite willing to let the matter ride on the basis of the information I have received.

Mr. Speaker: I did not mean to say that the hon. member could not ask the hon. member for Gloucester to table the telegram. I would think it is up to him now whether or not he does so, but that point should have been made at the time the telegram was used.

Mr. MacInnis: Mr. Speaker, I am not going to continue much longer with my remarks. As I said, I could go into the history of the situation regarding coal miners in Nova Scotia these last few years. I might point out that throughout the last few general agreements drawn up, the selling point of the company—I repeat that the company has changed hands since—was the fact that mechanization was going to cure all the ills from which the industry suffered. As soon as this mechanization reached its potential, the coal industry would be in a much better situation. However, it appears that the efforts made by the miners to stand pat on their contract and do their utmost to increase production per man has resulted in the miners working themselves out of a job for the time being.

I would say that the hon. member for Burin-Burgeo did have a point when he referred to the marketing problem for coal and the transportation of it. This has always been one of the big problems and has yet to be corrected. I feel that the situation today is one which company policy could do much to alleviate. I am not at this time in a position to dispute company figures, but I would say that, without a doubt, there is an excess amount of coal at the present time. Although the company is in receipt of orders far in excess of the total volume of this bank of coal, still production more than takes care of market demands at present.

The one question which occurs to me in discussing this subject at the moment is one about which I have had representations from Cape Breton during this last week. I refer to the question of unemployment insurance. I would ask this government to give sympathetic consideration to amending the Unemployment Insurance Act to provide that in the event of mass lay-offs such as those which have taken place in Cape Breton recently the five-day waiting period be waived. I do not mean at this time to confine that request to Cape Breton only, so possibly the government will give serious consideration to waiving the five-day waiting period in the event of mass lay-offs.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, this government has now been in office for just over a year. We have had two openings of parliament and two speeches from the throne. We have had a baby budget and a full-grown version. Many measures have been passed by parliament, and some of them have been handled to the credit of the government, while others have not. It does appear to me that to date there has

been very little indication of a sound government policy emerging. It does appear to me that there is a statement made here and a contradiction made there. The country's business is being conducted on a day to day basis.

I would think there is no greater example of conducting the country's business on a day to day basis than this action which has been taken to temporarily relieve the problem that exists in the coal mines of Nova Scotia. I am sure that the people all across this country will appreciate what the government has done as a temporary measure. On the other hand, they will regret that something more could not have been done in order to avoid this five-week lay-off. Questions will arise in people's minds as to what will happen at the end of this year. Are we going to arrive at the same situation next year? It appears to me that some solution must be found without delay. After all, there are 9,000 miners affected and the total number of people affected runs to close to 121,000 people. Somewhere, somehow, if these mines are to be kept open, markets must be found for this coal. As the hon. member for Burin-Burgeo (Mr. Carter) has said, there is a market next door to Nova Scotia, a market that could have been used to greater advantage in the past. I hope that when markets are being sought for Nova Scotia coal this will be one consideration.

We have heard a good deal lately about the policy of this government to divert 15 per cent of trade from the United States to the United Kingdom. The province of Ontario imports every year more coal than Nova Scotia produces. I would suggest, therefore, that if the government is serious about this 15 per cent switch in trade, they should switch some of the trade now given to the United States by diverting it to Nova Scotia. I recognize that there will have to be a subvention paid on some of this coal, but that has been done for quite a number of years.

This afternoon hon. members questioned what had been done by the previous administration. I am sure that anyone who wishes to turn to page 23 of the seventh annual report of the dominion coal board will find there the amount of subventions paid to coal mines over the years since 1928. This amounts to $80 million. I would suggest also to the Minister of Northern Affairs and National Resources (Mr. Hamilton) that he might check the statement he made this afternoon that these subventions were started under his party. In addition to these subventions which have been used we have also had money lent to the coal mines of Nova Scotia for the purpose of mechanization. This policy was adopted as a result of the report of the royal commission in 1946. Up to date the money for this purpose has amounted to something over $5 million. I am sure that anybody would admit these figures hardly indicate nothing has been done for the coal mines of Nova Scotia.

However, we would agree that more has to be done if markets for the coal are to be found. Today the coal miners of Nova Scotia are facing the prospect of a five-week lay-off. No such lay-off has ever happened in the postwar period under a Liberal government, and I believe that if careful thought had been given to this problem last week a solution could have been found.

Mr. MacInnis: Would the hon. member permit a question?

Mr. Batten: Yes.

Mr. MacInnis: Mr. Speaker, the hon. member has made reference to the fact that no such lay-offs occurred in the post-war period. I have just pointed out that within the last three years miners in my own mine have been unemployed for a three-week period because of a similar cutback. I am speaking from personal experience.

Mr. Batten: I suggest to the hon. member that in the post-war period there has never been experienced in the history of Nova Scotia—

Mr. Nowlan: Who told you?

Mr. Batten: Would you care to know?

Mr. Nowlan: Yes, I would.

Mr. Batten: There has never been a case in the post-war period in which 9,000 men were facing a five-week lay-off. There has been a great deal done for the coal mines in Nova Scotia, but perhaps the Minister of National Revenue (Mr. Nowlan) does not want to admit it. I am sure that it is irrelevant who told me about the coal mines, but these mines have become very important to those of us who have been living next door to them for so many years.

The second part of this resolution deals with the fact that the government has backed away from its commitments to promote the development of industry in the Atlantic provinces. It does appear to me there would be something wrong in expecting any federal government to formally enter into business. However, I think three things can be expected of the government if they are going to be serious about the promotion of industry in the Atlantic provinces.

There are three things that I think could be done. First, I think the federal government should provide those facilities which

are within the authority of the federal government and which cannot be provided by the industry or the people concerned. Second, the government can create that atmosphere which is conducive to the development of industries. Third, it can increase, both at home and abroad, the markets that are required to sell the produce from these industries.

I am going to take a few examples from my own province in general and from my own riding in particular. I should like first to talk about the fishing industry which is the oldest industry in Newfoundland and which, up to a few years ago, was the most important one. It is not the most important one today but it is still an extremely important industry in the economy of this province. It is particularly important today because of the number of men who have been unable to find employment anywhere else and who now have returned to the fishing industry. If these men are going to be able to carry out their duties as fishermen they will need the assistance which the Minister of Public Works (Mr. Green) is able to give. In order to develop this industry fully I would suggest that the Minister of Public Works increase or speed up the assistance which he is now giving to the fishing industry in Newfoundland in providing harbour facilities. This year, as far my riding is concerned, I am extremely grateful for what the minister has done but I believe that it could be speeded up in the hope of taking care of the large numbers of fishermen who have gone back to this industry.

The industry also requires the services of the science divisions of the Department of Fisheries. It is urgently in need of an expanded and more efficient bait service. This bait service, which we now have in Newfoundland and which was initiated by the commission government late in the 1930's, is one that has been able to assist the fishermen in getting to work earlier in the year and to stay at work later in the fall of the year and has increased immeasurably the production from this industry. Today, with the larger number of men engaged in the industry, the service as it exists is no longer able to give to all those who require it the service which they deserve. Here is another way in which the Department of Fisheries could increase the effectiveness of this industry.

Above all, this industry in Newfoundland today demands the attention of the Minister of Trade and Commerce (Mr. Churchill). There is in Newfoundland much disquietude concerning the markets in the United States, the markets in the Caribbean and the fish markets in Italy. It may be, however, that there are those who feel that the fishing industry in the maritimes is not particularly important. Many of us remember when in 1957 the Prime Minister (Mr. Diefenbaker) came back from the conference in London and was reported in a press conference on July 8, 1957 as follows:

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

Then a reporter said this:

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

May I now pass on, Mr. Speaker, to other ways in which the industry could be improved in the province of Newfoundland. The Minister of Public Works is very proud of the assistance which he has been able to give the industry of homebuilding, and I think rightly so. But while Canada has had a boom in home building, there has been no boom in home building in the maritime provinces. In my own province of Newfoundland there has been no regular boom. However, I agree with him when he says that the building of homes in Canada has a great effect on industry not only because of the amount of labour involved in building these homes but also because of the amount of labour required to provide all the things that are needed to build a home and to furnish it for those who are going to live in it. We in Newfoundland are able to supply fibre board, gypsum board of the highest quality, and a good quality of cement; and if orders were given to these small industries in Newfoundland to provide materials for the home building industry they themselves would be able to carry on to a far better degree than they are now able to do.

It is true that Canada is experiencing a recession but it appears to me that the Atlantic provinces are feeling a greater impact than is any other part of Canada. I might go on further, Mr. Speaker, and refer to my own home town. Here there is a paper industry which, before extensions were made to Powell river a year or so ago, was the largest integrated pulp and paper mill in the world. Here is an industry which pays out monthly in wages $2 million. Here is a port 30 miles from the sea which over the years has developed into one of considerable size and is comparable, for example, with Baie

Comeau or a port that has a total amount of shipping equal to the total of the bay of Chaleur. In order to show the growth of this port over the years I have here a table showing the tonnages from 1943 to 1956 inclusive. May I have the permission of the house, Mr. Speaker, to include this table in *Hansard*?

Mr. Speaker: What is the source of the table which the hon. member submits?

Mr. Batten: The figures have been supplied to me by the paper company at Corner Brook.

Mr. Speaker: Has the hon. member leave of the house to incorporate this table in his remarks?

Some hon. Members: Agreed.

Mr. Batten: The table is as follows:

NET REGISTERED TONNAGE OF SHIPPING USING PORT OF CORNER BROOK

Year	Vessels	Net tonnage
1943	112	129,329
1944	115	136,709
1945	129	166,809
1946	156	196,576
1947	189	257,238
1948	225	294,588
1949	403	321,019
1950	450	406,130
1951	581	602,812
1952	605	708,219
1953	728	906,979
1954	720	819,265
1955	675	795,359
1956	618	861,725

This port is one that over the years has become extremely important to the west coast of Newfoundland. During the last ten years only once has the port frozen over the extent where icebreaking service has been required and that was in the winter of 1957. When the port freezes over and icebreaking services are required the cost of the product produced at Corner Brook is increased by 12½ per cent. I am sure that hon. members who know something about the competition in the paper market at this particular time will realize the real importance of what an increased cost of 12½ per cent can mean to the producer. With regard to encouraging industry in the maritimes, here is another way in which help could be given by providing all-year round navigation through icebreaker assistance.

Of course we in Newfoundland have always had the problems of transportation and it has been an extremely serious one for all our people, and particularly for small industries scattered around the coast. May I speak for a moment concerning communications and transportation in the province of Newfoundland? Over the years since confederation the Canadian National Railways has spent a large sum of money in improving the Canadian National Railways in Newfoundland. Yet, although they have spent a large amount of money, they have not been able to keep up with the demand for transportation. It may be possible that at some time this railroad may be improved, as was referred to by the Prime Minister on April 5, 1957 when he spoke in St. John's Newfoundland and as reported by the Toronto *Globe and Mail* on April 16, 1957, when he said this:

> Newfoundland's narrow-gauge railway should be converted to the standard gauge because the present line retards development, adds to the cost of transportation and therefore makes it more difficult for Newfoundland industries to compete in domestic mainland markets on the same basis as other provinces.

We have a tremendous communications problem in Newfoundland. The Canadian National Telegraphs has built an excellent communications system across Newfoundland connecting the larger centres. A good job has been done and I think they are to be commended for the service which they have rendered but it is now time to expand the service to other parts of Newfoundland so they can all enjoy the modern services of a communications system.

In mentioning this I might say just a brief word about television. Certainly television is important in the development of any part of the country. Tomorrow will be a great day for Canada and if there is one splendid way of celebrating the birthday of any country it is to present to the people of that nation something worth-while. Tomorrow, for example, there will be presented the St. Lawrence seaway and we shall also have a number of provinces entering into an agreement with the federal government concerning health insurance. These are great events for any country. Added to that there will be the opening of the microwave line that will bring television to many places across the country from North Sydney to Vancouver. In the year that has just past it is regrettable to me that an extra effort has not been made so that in opening this great television service Newfoundland could have been included. Newfoundland is the oldest part of Canada and it was here that the wheels of commerce and industry turned while the wind still whistled through the trees that stood on the site of every major city of this country.

I am going to turn now to the third part of this resolution dealing with coal being used in thermal plants in the maritime provinces. I remember very well the occasion last year when Bill No. 224 came before this house. One of the objections I placed before the house on that occasion was that the bill did not include provision for hydro power

for the province of Newfoundland. I argued at that time that if any improvement was to be made in the supply of electricity in any province it was necessary to employ and utilize the resources which the province had. I pointed out at that time that although it was a wonderful thing for Nova Scotia, New Brunswick and Prince Edward Island to be able to receive the benefit of added quantities of electricity at a cheaper rate provided by their natural resources as a whole because they did not have hydro power, Newfoundland, where we have no coal but do have sufficient water power, should have been included in the bill providing for hydro power. The reason given at that time for the building of thermal plants in the maritime provinces was that it would provide, not only more and cheaper electricity for those provinces but would also offer a market for maritime coal. These two aims are very commendable.

Recently, however, we heard that in one of the plants that is to be built some form of residual oil which has to be imported will be used instead of coal. I listened very carefully this afternoon to the remarks made by the Minister of Northern Affairs and National Resources (Mr. Hamilton). I can assure the house that he did not convince me with the arguments he used and I am quite sure he is not going to convince many of the maritime people with those arguments either. I was definitely under the impression, as were, I am sure, most of the people in the maritime provinces, that if thermal plants were to be built in that area they would use coal. I also recall that when members of the Progressive Conservative party were campaigning in the maritimes during the last election they, too, gave that impression. I have in my hand quotations from some of the speeches they made throughout the maritime region. The Halifax *Chronicle Herald* of Monday, March 3, 1958, reporting on a speech made by the Secretary of State for External Affairs (Mr. Smith) at Port Hood, Inverness county, on March 1, stated:

> Dr. Smith answered charges he said he had heard made by Liberal speakers that the government has given no assurance proposed maritime thermal plants will be fired by coal by "offering my assurance that it is a condition of the agreement that coal will be used".

Commenting on a speech made by the Secretary of State for External Affairs on March 3 at Dartmouth, Nova Scotia, the Halifax *Chronicle Herald* of Tuesday, March 4, 1958 said:

> He reaffirmed statements he made Saturday night in a speech at Port Hood on Cape Breton island that it was a "condition" of the agreement between the federal and provincial governments that coal would be used in production of electric power through thermal plants.

The Halifax *Chronicle Herald* of Wednesday, March 19, 1958 reporting a speech made by the Minister of Labour (Mr. Starr) at Glace Bay on March 18, stated:

> Michael Starr, federal labour minister, said Tuesday night the thermal power agreement between the federal government and the maritime provinces was contingent on the use of coal.

I could go on at greater length and cite quotations from speeches made by the Prime Minister and also by the Minister of Transport (Mr. Hees). Surely there is no doubt in the minds of anyone from the maritimes that during the last election campaign the impression was left in that area that if thermal plants were used to develop electricity, coal would be employed in those plants and today we have learned that perhaps some plants will not use coal but will employ some kind of oil. In my view this is a reversal of policy which is not going to engender very much confidence in a government that sees fit to make one statement prior to an election and changes its mind without any satisfactory explanation following the election.

During the past month we have heard a great deal about the vision of Canada that is held by the Progressive Conservative party. I assure you, Mr. Speaker, that if this is the kind of thing that is going to take place the so-called vision of Canada will be exactly what the word implies, nothing more than a vision. It will be nothing more than a figment of the imagination. Indeed, it will be little other than a cloud seen away out at sea, gilt-edged by the rhetoric of the Prime Minister during the election campaign, but one which develops into nothingness as it approaches the shores of reality. If we are going to have a vision for this country there must be something real about it. When statements are made in extremely flowery language there must be something behind them other than empty words. In the development of this country there must be real and tangible events. Industry must develop on the basis of reality. It can only develop if the statements and promises made concerning it can be relied upon. It is only by making statements with all sincerity and a firm resolve in carrying them out that we will find a basis on which to produce the standard of achievement for this country that all of us long to see.

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, in my opinion some of the most interesting remarks made in the debate today were those made by the Minister of Northern

Affairs and National Resources (Mr. Hamilton) when he said that the policy of the government in relation to Nova Scotia is to use the coal of that province for the benefit of Canada in order that this resource which we have so plentifully in the maritimes will make the contribution it should to the Canadian economy. When the minister spoke of a great steel plant to supply the steel required by the eastern seaboard of the United States and Canada perhaps he was speaking of the hidden potential conceived by a beneficent nature which placed abundant coal resources in the maritime provinces. In the maritimes we have some of the world's greatest supplies of iron ore and coal. By bringing together these two resources we could use both to make a vast contribution to this nation without subventions or assistance from anyone.

I also listened with interest and some astonishment to the debate introduced this afternoon by the hon. member for Gloucester (Mr. Robichaud). The biggest question I see in this debate is not whether coal will be used at Saint John but how the Liberal party after years of betrayal and neglect of the Atlantic region dares now to pose this question in this house when all Canada knows that such speeches from the Liberal party at this stage are nothing but crocodile tears.

I should like to take the house back for a few moments to a time not so long ago, to the spring of 1957 and the situation in the coal industry of Nova Scotia. As hon. members know, in Nova Scotia we produce about six million tons of coal a year. Of that production about 40 per cent is used in the Atlantic region, another 40 per cent finds a market in Quebec and southern Ontario, and the other 20 per cent is sold overseas. In the winter of 1956 and the spring of 1957 the outlook for our coal industry was very bleak indeed. We saw the St. Lawrence seaway coming to completion; we saw the natural gas pipe line bringing in gas from the prairies and the use of oil becoming more widespread across the nation. We saw threatened a market for two and a half million tons of coal that we had in the province of Quebec. The people of the coal producing regions of Nova Scotia were very worried. Certainly my constituency, which at one time had a flourishing coal industry and which still has five great undeveloped coal fields, was anxious about the situation.

But under the eyes of the last administration the coal industry was allowed to die; they acted as funeral directors and wept again their crocodile tears over the corpse of a once flourishing industry. We were facing a situation of a coal industry in dire trouble, of pits being shut down not for 25 days, but for 25 years; a situation where no miners would be employed in Nova Scotia. We looked to the federal government of that time for some assistance to our coal industry, but not one word of help did we hear from them in terms of a subvention or something that would aid our recovery.

As it happens, a few years ago, at the instance of Nova Scotia and New Brunswick, Dr. Christie had made a survey of the industry and had, in 1954 or 1955, filed a report suggesting a thermal power program, a system which would link up the provinces of New Brunswick and Nova Scotia in order to produce cheaper power in the maritime provinces. As a matter of fact, the thing is not new because for over 20 years the Liberal government had been promising cheaper power to the maritime provinces. But cheaper power always meant subventions on coal to be used in power plants, and while they talked about cheaper power they would never give us the subventions. For example, in 1945 the then premier of Nova Scotia pointed out that in the aftermath of the war our coal industry would be in worse trouble than before and that we would have to have some power sources in the maritimes to give us cheaper power. At that time the suggestion was turned down.

Also in the spring of 1957 representations were made by the Nova Scotia minister of mines and industry, and by the premier of Nova Scotia, asking for subventions on Nova Scotia coal to be used in the power plants. Our province of Nova Scotia was ready at that time to finance and build power plants in Nova Scotia provided the government would assist them by granting the coal subventions without which cheap power could not be produced.

Finally, after 25 years or so of promises, on the eve of the election in 1957 the Liberal administration came forth with the so-called power program. As far as we were concerned, we wanted two things from a power program; first, we wanted cheaper power and, second, we wanted a market for our coal. When we first heard of this power program it looked like a new opportunity, a new life for the Nova Scotia industry. But when we began to examine the power proposal of the former government we found it very empty indeed; we found it would provide neither cheaper power nor a market for our coal. The more we asked the federal government to define its intentions and tell us exactly what they were giving us under this power program, the less satisfaction they gave us. Someone in this house used the expression "gobbledygook" a couple of days ago. We never heard more gobbledygook than

the Liberals used when they introduced their power program in 1957. One of the main questions as far as we were concerned was whether or not coal would be used in these plants. Now as reported in volume 3 of *Hansard* of 1957 at page 3294 the former minister of northern affairs and national resources, the Hon. Jean Lesage, had this to say, and I quote:

> With regard to the fuel to be used by the plants that will be established under the federal proposal, the basic objective of securing power at the lowest possible cost is, of course, to be kept constantly in mind. This consideration will frequently affect the location of the plants that are to be built. It is, of course, also the desire of the government to see maritime coal used to the greatest extent possible in the plants that may be established.

In other words, this government wished to pretend to the people of Nova Scotia that it wanted to see Nova Scotian coal used in these power plants. But the minister went on to say:

> The sharp increase in the price of oil and in charges for ocean shipping over recent months have resulted in a situation in which, over virtually all the maritime provinces, it appears that it would be cheaper to use maritime coal for the production of power than to use oil.

In other words what the minister was saying was that coal would be used only if it were competitive with oil, only if it could compete with residual oil from Iraq and Iran after the kerosene and other more valuable products had been taken out; oil which would always be sold at a much lower price than Nova Scotian coal. He went on to say:

> There is some reason to think that this increase in the price of oil may not be as temporary as has sometimes been hoped or suggested. In the circumstances, the economic advantage of the use of maritime coal shows every likelihood of continuing.

With this statement the minister and the government of the day attempted to deceive the people of Nova Scotia into thinking that it intended to use coal in these thermal power plants when it is obvious to everyone that coal could never compete with residual oil; it is clear to everyone that coal could only be used if subventions were provided to move it within the Atlantic region to the thermal power plants.

They did not offer us cheaper power; they offered us power at cost. But we already had power at cost; we had the Nova Scotia power commission producing power at a big deficit every year. The power they offered us would not be cheaper power, it could easily turn out to be more expensive than the power we had then. Nor would the administration say that there would be a market for our coal, the second thing we wanted. We were completely turned down by the Liberal administration, whose representatives have been speaking on this question in the debate today.

Let me take a little further this question of subventions on coal without which the power program would be useless. On page 3296 of the same volume of *Hansard* is reported a question asked by the present Minister of National Revenue (Mr. Nowlan), the hon. member for Digby-Annapolis-Kings. At that time he asked, and I quote:

> Has the government given consideration to expanding the principle of subventions on the movement of coal within the maritime provinces to assist in the use of that coal in competition with oil, assuming that the temporary condition may not continue and the price of oil may drop?

And the answer, given by Mr. Lesage, was:

> If the hon. member will read my statement he will find that I said or implied we did not consider it was necessary to give a subvention on coal so it would be competitive with oil.

I was going to say a deliberate misstatement was made, but I would rather say that the minister knew so little about the comparative competitive price of oil in eastern Canada that he could make a statement of that kind. But the important thing is, there was a flat refusal on April 9, 1957, a little more than a year ago, to give us subventions which would enable us to burn coal and to have cheaper power in Nova Scotia. Along with that we have the statement of the former minister of fisheries, the Hon. Mr. Sinclair, who said on a platform in Antigonish that uneconomic Nova Scotia mines must be closed. At the same time hon. members will also recall the report of the Urwick-Currie commission, which was asked to report on the relative costs of moving coal to thermal power plants or moving power along transmission lines.

This commission reported that it would be much cheaper to move coal to thermal power plants. They went on to say that so far as they were concerned, as a result of their survey, the production of coal in Nova Scotia would have to be cut to 5 million tons a year, which they admitted would displace 4,000 coal miners in Nova Scotia, and would turn 30,000 people dependent on those men out on the streets to seek their living. Still, we waited in Nova Scotia for some more clarification of the power program. We finally got it, as was pointed out by the hon. member for Cumberland (Mr. Coates), when the former prime minister, Mr. St. Laurent, came to Fredericton and there a few days before the election sounded the death knell of the Liberal party in Nova Scotia, and perhaps in the maritime provinces, when he said that his government did not intend to

encourage the production of coal in Nova Scotia. In other words, he adopted the Urwick-Currie report which would have left 30,000 people without a livelihood in the province of Nova Scotia.

Mr. Robichaud: That is not what he said.

Mr. MacLellan: They speak of a crisis in the coal industry. Yes, we have a crisis in the coal industry. We have had it as long as I can remember. Some people here have a longer memory than I, but I can remember all during my lifetime on Cape Breton island a crisis every two or three years in the coal industry. As I recall it, there was very little help which came forward from the administration then in power in Ottawa to assist men out of work and laid off in Nova Scotia coal mines.

What has this present government done? In 1957, a little over a year ago, our coal industry was on the rocks. We had been losing money, a lot of money, every year since shortly after the war. It was easy to be seen that before long our mines might have to close down without some help, and the 130,000 people of Nova Scotia who looked to that industry for a livelihood would have to look somewhere else, probably to the free tickets up to central Canada suggested by the Gordon commission.

This government, when it came into power in June 1957, immediately began a program that has saved our Nova Scotia coal industry. If it were not for that program we would not be worrying about this present crisis and a 25-day lay-off; we would be faced with the situation today where hardly a ton of coal was being mined or moved out of Nova Scotia. First of all this government made the power plant program a reality in terms of cheap power and in terms of a market for coal by providing subventions to move coal within the Atlantic region to those thermal plants. Without this subvention the power program would have been an empty gift.

Then, they gave us subventions to move coal into the Ontario market and above all to protect our market in the province of Quebec against cheaper transportation which United States coal would enjoy because of the St. Lawrence seaway, and against competition from that fuel in our natural markets. Further, they gave us something which the former government would never have thought of doing, namely the preference that Nova Scotia coal has in furnaces operated and owned by the federal government, to give us an additional market there. But, Mr. Speaker, I believe one of the greatest things that has been done, and something that shows more than anything else the warmth of this government, of our leader and of his cabinet, and also their interest in our problems in the Atlantic region and also of their interest in the unemployment problem generally in Canada, was when we received the other day the announcement of the special help to the coal miners of Nova Scotia in general and of Cape Breton island in particular.

Hon. members know that we have 1,400,000 tons of coal piled up in Cape Breton. That is $14 million worth of coal. The Liberals insist that the 25-day layoff should have been covered by the government. The only possible way it could have been covered would be for the government to buy the $14 million worth of coal and try to sell it. They could not do it. No government could be expected to do that. They did the next best thing in an unprecedented move in Canadian history. Perhaps no other government on this continent or in any other place in the world would have given the co-operation and help to the Nova Scotia coal industry which was given recently in the announcement to pay the interest and carrying charges on that stockpile of coal, coal which can be sold in the normal course of events in the fall and winter of this year.

I think that all of the members from Nova Scotia in particular, and I am sure the people of Nova Scotia, give a great deal of credit to our minister, the Minister of National Revenue, (Mr. Nowlan), for guiding this tremendous provision through the cabinet, and for giving us help which by all the rules we could never have expected to receive. Then, we have speakers rise in their places who have the audacity to say, well, why was this not announced last week or the week before? I say that if they had come forward with a half decent program to assist the Nova Scotia coal industry five years ago we would not be in this crisis today. If the previous government was still in office, and if the same policies they advocated then were carried out, we would not have the thermal power program in the east today because we would not have had subventions on coal. We would not be running into the problem of whether oil or coal was to be burned in Saint John; it would not arise because we would not have the program. We would have thousands of men without work in Nova Scotia and nothing more.

Some reference was made to the statement made by the Secretary of State for External Affairs (Mr. Smith) when he spoke at Port Hood in the recent election campaign. Port Hood is in my constituency and I was with him on the platform that night. What the

Secretary of State for External Affairs said was that it was the policy of the present government that federal funds would be used for those thermal power plants only if the provincial governments concerned agreed to burn coal. That was the policy of the government at that time, the guarantee to Nova Scotia, and I understand that it is still the guarantee of the government today. The guarantee is clear, but if in the thermal plant at Saint John oil is used, then that plant is to be built at the expense of the province of New Brunswick. If it will use coal, then it will be built at the expense of the government of Canada.

Much mention has been made of the fact that the agreement did not specifically tie the governments of the provinces down to using coal. The only way that coal could be used, and the only way to provide that coal could be used, was, as has been done by this government, to provide a subvention on coal so that coal is competitive with oil in thermal power plants.

In closing, Mr. Speaker, I would say this. We in Nova Scotia feel that we have obtained from this government more in a year than we have obtained from other governments since confederation. They realized our problem; they met it boldly and with a forward program. I say further that in Nova Scotia we do not expect that 22 years of Liberal neglect and betrayal can be cured in one year. There are still many problems but I am confident that this government will meet those problems and that the position of our coal industry in Nova Scotia and the position of our thermal power program are an awful lot better than they were a little over a year ago. Thank you.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to express very briefly the support of this group for the spirit, the principle and the purpose of this amendment which are to urge the government to do something to provide more employment for coal miners in Nova Scotia. In saying that, it does not include support for all the procedures suggested, or support necessarily for the remarks made by various members with respect to the present situation or the future situation.

We are supporting the principle and purpose of this amendment. I think the debate we have had today clearly indicates the lack of planning with respect to the development of our natural resources and the need for planning and an over-all policy in this respect. I know there are a good number of members in the house tonight who have over a period of 13 years listened to the former member for Cape Breton South deal with the situation, particularly at times when there were depressions in the coal industry which appeared to be periodical and not quite as bad as at present, when he urged upon the government of the day the necessity of a national fuel policy. I well remember him dealing with this matter in detail session after session during appropriate opportunities on the estimates and also in support of private members' motions moved by himself.

Here we are after all that time still finding ourselves in the same predicament. I remember the former member for Cape Breton South dealing with the situation in detail one night in the house. At the time there apparently had been some temporary improvement in the situation owing to certain subventions and things of that sort. I remember quite well his saying that if the government of Canada did not develop a national fuel policy the situation would grow worse and worse from year to year and the solution would be increasingly difficult.

I think that indicates the situation we are facing tonight. I think the whole debate justifies the C.C.F. policy and approach to this type of situation, namely the necessity for planning for a national fuel policy related to the general development of our natural resources, related to a financial and industrial policy that takes cognizance of all the facts and provides a program and policy as a result of the application of the best brains we have to a given situation free from the influence of certain private interests who, when they get into difficulties like this, throw their casualties on the public exchequer to take care of and also refuse to continue to develop their natural resources.

This failure on the part of previous governments—and I am not taking sides in this issue so far as free enterprise supporting the government is concerned—has resulted in no action, then limited action, with still considerable unemployment, sufficient unemployment to concern those persons who moved the amendment this afternoon.

This is not an isolated case, Mr. Speaker. While we all sympathize with the unemployed coal miners in Nova Scotia and are in hearty support of what the members of that area wish to do to improve the situation, this is only one instance of a number of similar situations in the coal industry in Canada at the present time. To illustrate, without being out of order, the greater compass of this problem than is recognized by many members from Nova Scotia, I will mention the difficulties of a little town in Kootenay East

called Fernie. The American Coal Company operated a mine there for nearly 60 years. The company made very large profits until recent years. Because of that operation a city was built with all the facilities that go with a city. With less than a month's notice to the city council and to the union concerned the company closed down the mine. They took out the machinery. I am informed that the mine contains reserves of coal sufficient for 50 or 60 years. There was no sense of responsibility to the community, no sense of responsibility to the miners, no regard for the predicament in which these people were placed. They closed down the mine not because they were losing money but because by keeping open more efficient mines they could maintain their rate of profit.

Mr. Speaker: I think the hon. member has gone far enough by way of illustration in dealing with a situation which is entirely outside the scope of this amendment.

Mr. Herridge: Mr. Speaker, I was trying to relate it to the situation in Nova Scotia by tenuous argument. Anyway, that situation exists there. My point is that these companies get control of great natural resources. They utilize Canadian human resources and when they get into a situation like this then in many cases, although not all, they accept no responsibility to the Canadian people as a whole. They say to the Canadian people, "You look after the casualties, you look after the unemployment and we will maintain ownership of the resources that are not being develcped in case there is a possibility of making a profit in the future". That is what is being done across the country in many mining camps other than coal mining camps. That throws a responsibility upon the unemployed, the municipal authorities, hospital authorities, school boards and so on. It is an extra burden for which in many cases—I must say not all—these people completely fail to accept their responsibility.

In concluding my few brief remarks, because I know there are a number of members from the maritimes who are anxious to speak—I hope I speak with the consent of the Acting Prime Minister at this point and that he will not accuse me of political skulduggery or anything of that sort—I do think the situation brought to our attention today in this debate and illustrations of similar situations across Canada indicate, regardless of whether we call ourselves so-called free enterprisers or socialists, the need for national planning, for a national fuel policy, the need for us to get together regardless of party differences to formulate a policy and a plan that will do something constructive over the long run to maintain employment for the worthy citizens of this country.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, in rising to take part in this debate may I say that it has certainly warmed the cockles of my heart, to use an old expression, to see the happy few on the other side so very much interested in the plight of the Nova Scotia miners. The crocodile tears that flowed around the opposition benches this afternoon were purely artificial. The people who have worked under the water dripping from the roofs of the mines are the ones who know what they are talking about. I have often wondered where these great defenders of the miners who came to the defence of the miners this afternoon have been over the past few years. Where were they? I have not heard of any great work they did on behalf of the miners. I know that the Minister of National Revenue (Mr. Nowlan) and the former member for Cape Breton South, I admit, always brought the plight of the miners to the attention of the house but nothing was heard from these great men who stand up today in defence of the miners.

Mr. Robichaud: Did you read *Hansard* for the last few years?

Mr. Muir (Cape Breton North and Victoria): I come now to this great amendment—

Mr. Robichaud: You haven't, for sure.

Mr. Muir (Cape Breton North and Victoria): I am sure that the hon. member for Gloucester (Mr. Robichaud) rather blushed when he presented this amendment although maybe he was not the author of it. I do not know. However, the amendment reads:

> That all the words after the word "That" be struck out and the following substituted therefor:
> "This house regrets that the government has failed, despite the measure announced on Friday by the Prime Minister, to avert the five-week shutdown in the Nova Scotia coal mines;
> That this house regrets further—

The tears are really flowing at this point.

Mr. Robichaud: Who brought it to the attention of the house?

Mr. Muir (Cape Breton North and Victoria): I did about a week ago.

Mr. Robichaud: A month after I brought it to the attention of the minister.

An hon. Member: They cannot take it.

Mr. Muir (Cape Breton North and Victoria): I should like to continue if you do not mind, sir. I would be very pleased if you would allow me to continue because the hon. member for Gloucester and the hon. member for Bonavista-Twillingate (Mr. Pickersgill), that

great fisherman from down east, take up a great deal of the time of this house. It is very seldom that some of us on this side do any talking, especially myself. There are times when I feel like speaking in defence of my people, when I feel it is right, and surely then I can be allowed to carry on for a few moments. I know that a few things I shall say will hurt, but perhaps you will bear with me. I return to the amendment, and read:

> That this house regrets further that the government has backed away from its commitment to promote the development of industry in the Atlantic provinces;
>
> And particularly from its specific undertaking to ensure the use of coal in thermal plants assisted financially by the federal government.

Now, what gall, what unmitigated gall, especially in view of what has happened over the years. A little while ago the hon. member for Cape Breton South (Mr. MacInnes) was saying that he had a lot in mind and he could go into the facts very fully. I could, too. However, I do not have anyone to write my speeches for me. I did not have too much time to prepare this one as I just returned from home where I was discussing this problem with the united mineworkers.

Mr. Robichaud: I can tell the hon. member that I write my speeches.

Mr. Muir (Cape Breton North and Victoria): I am sorry, but I did not say anything about that. I was not casting any reflection.

In any event, as I said before, what gall. One of the hon. members from Newfoundland, I do not know what his constituency is, said there were no cutbacks and no lay-offs during the post-war period. This is not correct. There were some years ago, and what did the previous government do at that time? What did hon. members who are rising to the defence of our boys now, do at that time? I would love to be sitting along the walls of the Princess mine or down in the other coal mines, and listening to some of the remarks of the boys. I should like to hear a few of the things they are saying at this point. Where was the assistance at that time granted by the previous government? There was none.

Mr. Robichaud: How blind can you be?

Mr. Muir (Cape Breton North and Victoria): We happen to use our eyes a little more. There are none so blind as those who will not see. What happened to No. 1B during the Liberal regime when 900 miners were thrown out of work in Glace Bay? What was the government doing then? The hon. member was part of it, and what did he do? What about No. 24 in the Glace Bay area? What about No. 11 in the Glace Bay area? What about the Springhill area? What about Westville area all during the Liberal regime? What about the Franklin mine, my old alma mater, out of which I was carried one time? What about the Colonial mine during the Liberal regime? What was done then?

We see all this crying. We get a man who is talking about coal mines, and he ends up by talking about fish. Oh, I understand you are getting on the record and back home they think you are really doing something. If we have not done anything, if this government has not done anything, then why on April 16 after an election, mind you, does an editorial writer for the Halifax *Chronicle-Herald* write an article entiled "More Glad Tidings". It reads:

> Glad tidings for the long-ailing Nova Scotia coal industry have been coming in an almost unprecedented flow in recent months.
>
> In the wake of the announcement of the Ottawa plan for subsidizing coal-produced power in the maritimes and the decision of DOSCO to maintain its production levels—

And, I shall get to that point in a minute.

> —despite a cutback in demand has come now the news that the federal government's subvention policy is to be amended to permit the sale of supplies from both Canada's eastern and western mines further afield.

I should like to emphasize that if nothing has been done, then why did this newspaper, the Halifax *Chronicle-Herald*, carry this article? I am sure you all agree that it is a responsible newspaper. I continue:

> The maximum assistance to be paid in the future on shipments from the maritimes to central Canada will be $5.25 instead of $4.75 for rail-and-water movements and 60 per cent of freight rates instead of 45 for all-rail movements. This means, as the announcement by Prime Minister Diefenbaker pointed out, that our coal will be able to compete against U. S. imports in a broader area of Ontario than in the past. Along with this is an extension of the special subvention for Springhill coal, introduced last year as an emergency measure, for another full year and the offer to pay $4 per ton on the movement of coal to Europe when the demand on that continent for supplies from North America returns.
>
> The additional aid is further evidence of Prime Minister Diefenbaker's special consideration to the problems of the Atlantic provinces and of his keeping faith with their peoples by fulfilling his election campaign promises for a better deal.

Now, I regret very much, as everyone does that there are lay offs and that there are cutbacks. I am sure that even the hon. members over there, really down in here, sort of feel for the boys. It is quite a show you are putting on, I can see that, but if you wanted to put on a show why did you not put it on some years ago? Definitely, the

lay-offs are not good. Mr. MacDonald said that there would not be any lay-offs, but I would remind you that the government does not operate the coal mines.

Let us go back a little bit farther, and I shall take you back to 1947. We were on strike for a long period of time. Oh, there were great efforts, were there not at that time, by the federal government to help out in the strike? Yes, and along the same lines as there had been in previous years of the Liberal reign, there was nothing done.

If hon. members do not mind, I should like to quote another editorial from the Halifax *Chronicle-Herald*, and it is entitled "Another Prop For Coal". Surely, the man who writes these editorials is a good, responsible citizen. Of course, if you gentlemen in the opposition wish to say that he is lying, or something of that nature, that is your privilege. He is quoting facts, things that have happened since this government came into power. I read:

> For the second time in two months, the federal government has increased transportation assistance for the Nova Scotia coal industry to enable it to obtain new customers in central Canada where it faces stiff competition from American companies enjoying lower production costs.
>
> The addition of 55 cents a ton to the subvention level to give a competitive advantage over U. S. coal in a market for approximately 175,000 tons at Belleville, Ontario, now raises the maximum rail-and-water subsidy to $5.80 per ton. Nova Scotia's representative in the cabinet, Hon. George Nowlan, has described this measure of extra aid as "a special case" involving sales to the C.N.R. and the Canada Cement Company at Belleville which are fairly large consumers. But there will be a natural desire to apply it to other shipments as there arises opportunities for sales with such additional help.

Now, our good little friend who used to sit over there somewhere, the hon. member for—

Mr. Pickersgill: You can mention his name now.

Mr. Muir (Cape Breton North and Victoria): Oh, yes, we remember him now. This incident has been mentioned, but I should like to mention it again for the simple reason that you gentlemen sitting over there have been sipping from the same cup as this hon. member for so long that the dregs are still there; you cannot change.

Mr. Speaker: I do not like to interrupt the hon. member, but I think it would be a good practice if the hon. member would speak to hon. gentlemen opposite through the chair.

Mr. Muir (Cape Breton North and Victoria): Thank you very much; I humbly apologize. At that time, Mr. Sinclair said, and this has been mentioned several times by other speakers, that there is no point in subsidizing an industry merely for the sake of providing employment. Why has there been such a sudden change? I am sure such a point of view was discussed in the cabinet or somewhere by the previous administration. The mayor of Westville said Mr. Sinclair should have been chased out of the province for what he said about the coal industry. Mr. Sinclair repeated the statement in Vancouver.

Mr. Morton: He was chased out.

Mr. Muir (Cape Breton North and Victoria): Yes, he was chased out of Vancouver.

An hon. Member: He is very "chaste" now.

Mr. Muir (Cape Breton North and Victoria): Yes, but this is not a laughing matter. While I think of it, let us go back to the thirties, to 1938 and 1939—

Mr. Robichaud: What about the early thirties?

Mr. Muir (Cape Breton North and Victoria): —and 1940, 1941 and the early forties under a Liberal government. How was the coal industry doing?

Men had to work on shifts down in the mine for a dollar a shift or for $3 a shift. They had to work for $3 a shift in those days under a Liberal government. Then some chap by the name of Hitler sort of made a little bit of prosperity. Of course in later years we found out that all the Hitlers were not over in Germany. As I said, if this government had not done anything, then how is it that only within the past few days, in reply to the statement that was made Friday, Mr. Thomas McLachlan, president of district 26, U.M.W. said this, and I quote from the *Chronicle-Herald* of June 28:

> —Representations made by Premier Stanfield and others were on a very high level and it is felt by the U.M.W. representatives that timely intervention by the premier, and timely intervention by Prime Minister Diefenbaker and his cabinet are responsible for forestalling any further curtailment of employment in the mines for this year.

That is a statement of the president of the district. I should like to add my voice to that of the hon. member for Cape Breton South with regard to the matter of the waiting period for unemployment insurance. This matter has been brought to my attention by a legitimate telegram from the district office of the United Mine Workers of America. I also have here in my hand one from the secretary of the Princess local, Sydney Mines, and it is along the same line, requesting that the five waiting days be waived in order to allow the idle miners to receive the recommended financial benefit. I certainly hope that the Minister of Labour (Mr. Starr) and the department will give every consideration to this request.

In closing, Mr. Speaker, may I say that there are many aspects of this picture and many things that could be brought into

the debate. As I said before, I have not had time to get all the facts together. Sometimes it would be handy if one really had a ghost writer. It would be helpful especially when you have not too much time at your disposal. From what this government has done during its short period in power I am firmly convinced that it will continue seriously and sincerely to make every effort to stabilize the coal industry which was deliberately, shall I say—in any event, it appears that way, although I may be wrong—neglected or sold down the river for so many years under the Liberal administration.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in rising to support this amendment which I had the honour of seconding I feel that I must begin by expressing surprise that, since the first part of the amendment is primarily directed at the administration of the Minister of Mines and Technical Surveys (Mr. Comtois), it should have been the Minister of Northern Affairs and National Resources (Mr. Hamilton) and not that minister who was put up by the government to reply to the motion. This is all the more astonishing because of the nature of the reply made by the Minister of Northern Affairs and National Resources. I cannot think that, however feeble the reply the Minister of Mines and Technical Surveys might have made, it could have been so insulting to the intelligence of the house as was the performance we listened to this afternoon from the Minister of Northern Affairs and National Resources. But what astonished me most about his speech was that the Tory party had found a new prophet in George Brown. I am sure that the 50 Conservative members from the province of Quebec must have been somewhat astonished to discover that the real author of the "vision" is George Brown, the man who wanted a legislative union instead of a federation in this country.

An hon. Member: Nonsense.

Mr. Pickersgill: Of course the minister went on by quoting—and quoting only to disagree with him—the very proper statement by his predecessor in a speech in Toronto to the effect that the resources of this country within the provinces, were under the control of the provinces and that we should respect that jurisdiction. It is evident that we have another example of the many we have had since June 10 last year of the return to "Bennettism" pure and simple.

An hon. Member: Where did you get that one?

Mr. Pickersgill: What astonished me even more was the effrontery of the minister in commending the Sifton immigration policy; he was the minister who, if my memory serves me correctly, joined the government only after this government had virtually stopped immigration altogether, after it had been brought up to a point by the previous administration where it exceeded anything which had taken place in this country since 1913.

Mr. Hamilton (Qu'Appelle): You certainly strained yourself there.

Mr. Pickersgill: I am not going to be led into any of the diversions which are very popular on the other side of the house. One thing that I notice, Mr. Speaker, is this. The last thing that any member of the government or any supporter of the government seems to want to talk about is what has happened in this country in the last 12 months. They are always eager to tell us about the preceding 22 years but they seem to want to obscure—and I do not blame them for it either—everything that has happened in the last 12 months, except the two elections.

An hon. Member: What about the last speaker?

Mr. Pickersgill: The last speaker talked about the 30's. It seems to me that the Minister of Public Works (Mr. Green) gave us a very good precept to follow when he suggested that we should deal with the present and not with the past or the future.

Mr. Muir (Cape Breton North and Victoria): Will the hon. member permit a question?

Mr. Pickersgill: Certainly.

Mr. Muir (Cape Breton North and Victoria): Would the hon. member tell me when the Liberal government came into power in the thirties? I said the late thirties. I meant 1938, 1939 or the early 1940's.

Mr. Pickersgill: I said that the hon. gentlemen seemed to be very anxious to talk about the thirties. I am more anxious to talk about the year 1958 because that is what the government in office today has to deal with. This is a serious problem, as the hon. member for Cape Breton North and Victoria (Mr. Muir) quite rightly said; and it is about the only thing he said with which I agree. This is a problem affecting human beings who are not having a very pleasant time at present. I think there is plenty to occupy the house with what is going on at the present time, and what is going to be done about it, without these essays into what somebody else might have done in some other situation in hypothetical circumstances. It seems to me that after a year in office it is about time this government came to the conclusion that its own policies were going to have some effects.

An hon. Member: They are.

Mr. Pickersgill: Very well. An hon. member said "they are". Here is what I read from the D.B.S. Daily Bulletin for Thursday, June 26, 1958:

Coal—Shutdown of Nova Scotia Mines

Coal Production Smaller

Production of coal in May declined 10.8 per cent to 827,000 tons from 927,300 a year earlier, making the January-May total 10.8 per cent smaller at 5,085,400 tons compared to 5,698,600 a year ago.

Yes, sir; they are. It is precisely because that sort of thing is going on and, as the hon. member for Kootenay West (Mr. Herridge) so properly said, not merely in the coal industry but to a greater or lesser degree in nearly every industry in this country that hon. gentlemen opposite do not like to contemplate the last 12 months and spend all their time talking about something else.

Mr. Baskin: Another tight money policy.

Mr. Pickersgill: Yes, you are getting another tight money policy and as you watch interest rates increase in the next few months; as the Minister of Finance (Mr. Fleming) indicated, you will find it gets tighter and tighter.

Mr. Baskin: That is what you hope.

An hon. Member: Never mind looking in your crystal ball; tell us what to do.

Mr. Pickersgill: I wish now to address myself to the third part of the motion which reads in part as follows:

—this house regrets further that the government has backed away from its commitment to promote the development of industry in the Atlantic provinces, and particularly from its specific undertaking to ensure the use of coal in thermal plants assisted financially by the federal government.

I am not going to take the time of the house by repeating what has been said by hon. gentlemen on this side of the chamber about remarks made by hon. gentlemen opposite during the election campaign including the statements made by the Prime Minister (Mr. Diefenbaker), the Minister of Transport (Mr. Hees), the Minister of Labour (Mr. Starr) and the Secretary of State for External Affairs (Mr. Smith).

The hon. member for Inverness-Richmond (Mr. MacLellan), who is a new member, made a very notable contribution to the debate in his really distinguished speech, although I did not agree with much of what he said. He reminded us again, in his remarks, that he was on the platform when the Secretary of State for External Affairs made the statement that it was a condition of the agreement with the provinces of Nova Scotia and New Brunswick that coal would be used in these thermal plants.

The Minister of Northern Affairs and National Resources this afternoon said that Mr. Stanfield in the statement he made in the legislature of the province of Nova Scotia had reiterated the view taken by the minister himself. What Mr. Stanfield is reported to have said is this. According to the debates of the house of assembly of the province of Nova Scotia of March 4, 1958, when he was asked by Mr. Hicks whether an express stipulation was in the agreement about the Saint John plant, the premier is reported to have replied:

Mr. Speaker, I don't know how—what my hon. friend wants. I said that I had been instructed—

I do not know why he would use that word. I continue:

—by the Prime Minister that the burning of coal is a condition precedent to federal assistance in the construction of any thermal power station under this agreement.

Mr. Fielding: Under the master agreement?

The Premier: Under the master agreement.

Here we have the premier of Nova Scotia saying formally in the legislature, after being questioned repeatedly so that there could be no doubt as to what he was talking about, that it was his understanding that this was to be a condition expressly contained in the master agreement. We have the master agreement that was brought down here in the house by the minister and there is no such provision in it. What is more, we have these expressions from the minister which, even after his repetition of them today, still leave us and leave the people in the Atlantic provinces in great doubt as to what fuel is in fact going to be used in this thermal plant at Saint John.

The minister gave us a long lecture this afternoon, first about what happened 100 years ago and then about what might happen 40 years from now, which is ten years longer than the period for the amortization of these agreements. But it seems to me that the one thing he was most anxious to avoid was dealing with the real point, and the point is this. Surely it would have been perfectly simple for the government to put into this agreement a stipulation that coal should be used, not necessarily forever, but for as long as coal was available and there was not an alternative market for it.

I want to be fair about this, and I agree that circumstances might arise such as were envisaged in that perfectly proper statement made by Mr. St. Laurent at Fredericton, which has been so distorted in this house by hon. gentlemen opposite, that coal will become more valuable as an industrial product than it will be as a fuel. If that situation arises nobody in the provincial or federal governments would be foolish enough to want to use coal as a fuel, but that situation has not arisen; and it would have been very simple to put in the master agreement, or any of the other agreements, a provision that as long as coal was available, and as long as there was not an alternative market for coal, coal should be used, but if there was a better alternative market for coal and some other fuel was cheaper it might be used. That would have been perfectly simple and everybody

would have understood it, but there is some nigger in this woodpile somewhere—

Mr. Baskin: You are in it.

Mr. Pickersgill: —and the minister is obviously very anxious to keep the nigger there. The plain fact is that if the people of Nova Scotia and New Brunswick—I believe it is true of the people of New Brunswick as well, but certainly it would be true of the people of Nova Scotia—had thought there was any doubt about the statements that were being made to them by minister after minister before March 31 there would not have been the kind of result there was on the evening of March 31. This is the greatest and most obvious double-cross we have witnessed on the part of the present administration.

I do not believe that either the Minister of Northern Affairs and National Resources or any of his colleagues on the treasury benches are prepared to rise in their places and tell us that as long as coal is available for this purpose, and there is no better market for it, it will be used in the Saint John plant and in every other plant that is assisted by the federal government. If any hon. gentleman on the treasury benches is willing to say that I am sure my good friend, the hon. member for Gloucester (Mr. Robichaud), will join with me in withdrawing the third part of the amendment at once. We cannot understand why this statement has not been made.

The hon. member for Inverness-Richmond, the hon. member for Cape Breton South (Mr. MacInnis) and the Minister of Northern Affairs and National Resources spoke about the problem of using coal in thermal plants and suggested that in some extraordinary way it would not have been possible to use coal in the thermal plants which were proposed by Mr. Harris and Mr. Lesage because it would have been too expensive.

I noticed that the hon. member for Inverness-Richmond, in an otherwise straightforward and candid speech, was very careful to leave out the most important and authoritative statement that was made on this subject and that was the one made by Mr. Winters last spring with the full authority of all his colleagues to the effect that it was the policy of the government to keep the cost down to the cost of the lowest priced fuel, and that if in order to keep coal down to the price of oil it was necessary to give a subvention to the coal, a subvention would be given. That was the policy of the Liberal government. It was our formal policy, formally enunciated by the minister from Nova Scotia and publicly stated.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, would the hon. gentleman permit a question. Would he advise the house on what date the statement was made by the former minister of public works to which he has referred?

Mr. Pickersgill: It was made on June 6, 1957.

Mr. Muir (Cape Breton North and Victoria): The election was on June 10; it was an election promise.

Mr. Pickersgill: I could read the hon. gentleman some statements that were read this afternoon about the same subject as late as March 25, 26 and 27. These statements were made by hon. gentlemen opposite who occupy the treasury benches. The reason that statement was made by Mr. Winters is perfectly clear.

Some hon. Members: Hear, hear.

Mr. Monteith (Perth): Just like some others.

Mr. Pickersgill: It was because there was some question raised about the statement that was read by the hon. member for Inverness-Richmond made by Mr. Lesage in this house.

Mr. Monteith (Perth): It did not work, though.

Mr. Baskin: He was looking for votes, and you know it.

Mr. Pickersgill: The statement by Mr. Lesage says that, so far as he could then foresee, coal would be cheaper than oil and that he did not feel there was any necessity—and I do not agree at all with the gloss or interpretation put on that statement by the hon. member—that he did not see any necessity for crossing the bridge before he reached it, because he believed that coal would remain cheaper than oil for some time to come.

But the question was posed during the debates that were going on in various parts of the maritime provinces at that time as to what the government would do if this eventuality arose. A formal decision was made by the government and announced by Mr. Winters on that subject, and that was our policy and it remains our policy and, as the hon. member for Gloucester said this afternoon, it would probably be a more effective policy in reducing the cost of power than the policy enunciated by the present administration. And I think that perhaps I should remind hon. members of this house who may, some of them, have forgotten it, that when Mr. Harris made his statement in the budget debate on March 14 about these thermal power plants, it was warmly received by the premiers of both provinces who came here to Ottawa and who accepted the whole proposal in principle.

What happened between that date and certain other events? I am not going to put an interpretation on the conduct of my political opponents, but something did happen which, judging from what has happened

since, had nothing to do with the merits of the case.

An hon. Member: It happened twice, did it not?

Mr. Pickersgill: Yes, it happened twice, and what has happened now? The great double-cross. Once the election is passed, once the voters can have no more say for several years, the real policy appears.

The other thing that is very puzzling to me is this: We were told when this legislation was before the house last June that it was a matter of the greatest urgency, a matter of extreme importance to the government of New Brunswick who needed to get this bill so that they could go right ahead with this power project in Saint John. What has happened? Half a million dollars, more or less, was put into the estimates last year for this purpose, yet none of it was spent. This year another appropriation has been made, yet no agreement has so far been signed. What has happened to the urgency? Why, last January, was it so urgent, and why, today, has nothing whatever happened? It does seem to me that before this debate closes some member of the government should tell us what is really going on about the Saint John plant. Of course, we do know that in the last 12 months there has been a marked decline in industrial activity, accompanied by a regrettable decline in the demand for electric power. We were told by the minister this afternoon in a burst of candour that this power plant at Beechwood, for which a large sum of the taxpayers' money is being pledged, is now exporting power to the United States. Perhaps this is one of the ways in which the government is seeking to redress its unfavourable trade balance of which we have heard so much.

But it does seem to me that we were not told last January, when this legislation was considered so urgent, that the taxpayers of Canada were having to put up money to complete a power plant to export power to the United States. We are told that now. That is another of the things that come out after an election, another of those things that would have changed the face of things a good deal.

Mr. Hamilton (Qu'Appelle): You should read the maritime papers.

Mr. Pickersgill: The hon. gentleman would like me to read the maritime papers, would he? I will oblige him. I have here the Halifax *Chronicle Herald*, which the hon. member for Cape Breton North-Victoria (Mr. Muir) has told us is a most reputable newspaper. I have here an editorial, somewhat later in date than those he regaled us with, and somewhat different in tone. It is entitled "The Plight of Coal" and it is dated June 19, 1958. The first paragraph begins:

> Dosco authorities now have served what is being taken as an official warning of their intentions to cut back on coal production, "over the next several months" and, although the notice has been carefully phrased to ease the blow as much as possible, it still has hit as disheartening and disappointing news.
>
> It was just four months ago today that we were moved to applaud in these columns an announcement from the company that, despite the decline in demand and growing stockpiles, there would be no layoffs or other forms of reduced operations.

I wonder, if that announcement had not been made, whether the results would have been quite the same on March 31. I continue the quotation:

> This official statement, said Premier Stanfield as he read it to a cheering legislature, was "magnificent". It was issued by the same man who now conveys the sad tidings of this week, DOSCO management chairman Allan C. MacDonald. And it was less than a month ago—on May 22—that he repeated this assurance to U.M.W. officials in Cape Breton. The present intentions are, perhaps, understandable in the light of the existing market conditions for coal, but should such hopes have been held out to the miners and to the one-fifth of Nova Scotia's population which directly depends on the coal industry for livelihood? It has made many people here wonder if there is even worse news from Dosco ahead.
>
> On top of this there was the disclosure of the previous day, when federal government documents concerning its program of assistance for providing cheaper power in the maritimes were tabled in the House of Commons, that there was no stipulation written into the agreements with the provincial governments that coal would or should be used in the new thermal power stations.

It is evident that the editor of this paper is not much impressed by the arguments put forward today by the Minister of Northern Affairs and National Resources.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house would tell us what he hopes to do tomorrow.

Mr. Green: Mr. Speaker, tomorrow we continue with the supply motion and then, when we get into supply, we will take the items of government business which were listed on Friday, first the motion which provides for setting up a sessional committee to deal with government-owned railways and shipping, then the second reading of the act to incorporate the lakehead harbour commissioners, then the second reading of the act to amend the Lake of the Woods Control Board Act, and following that the resolution concerning the Yukon and the Cape Breton Highlands national park.

At ten o'clock the house adjourned, without question put, pursuant to special order of the house passed this day.

ANSWERS TO QUESTIONS

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

FEDERAL EXPENDITURES BY PROVINCES, 1951 AND 1956

Question No. 32—**Mr. Argue:**

1. What were the total expenditures by the federal government for goods and services for the years 1951 and 1956?

Questions

2. Of this amount what proportion would be estimated to have been spent in those years in each of the provinces?

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

1. The government accounts are not maintained in such a manner so as to give an exact answer to this question. However, the following statement showing expenditures by standard objects of expenditure covers mainly expenditures on goods and services.

	Thousands of dollars Fiscal year ended March 31	
	1952	1957
Civil salaries and wages	371,996	595,676
Civilian allowances	7,230	9,252
Pay and allowances, defence forces and R.C.M.P.	208,994	434,390
Professional and special services	39,137	73,987
Travelling and removal expenses	47,530	61,001
Freight, express and cartage	18,342	35,249
Postage	3,398	5,441
Telephones, telegrams and other communication services	8,213	14,750
Printing of departmental reports and other publications	5,204	6,597
Films, displays, broadcasting, advertising, etc.	7,889	10,639
Office stationery, supplies, equipment and furnishings	17,841	18,199
Materials and supplies	248,685	173,777
Buildings and works including land—		
Acquisition and construction	401,350	502,145
Repairs and upkeep	88,394	163,476
Rentals	8,528	17,791
Equipment—		
Acquisition and construction	401,350	502,142
Repairs and upkeep	88,394	163,476
Rentals	684	1,927
Municipal and public utility services	11,895	29,365
Interest on public debt, etc.	531,035	534,141
Movement of mail by land, air and water	38,040	48,932
	2,404,740	3,185,214

2. Not available.

DORVAL AIRPORT FACILITIES

Question No. 81—**Mr. Macnaughton:**

1. Has a final decision been reached to use satellite or aeroport parking spots instead of finger system parking for aircraft at Dorval airport?

2. What is the maximum number of planes that can be handled at any given time at a satellite or aeroport?

3. What is the estimated length of stay permitted each aircraft at the aeroport?

4. Are these facilities sufficient to handle all present and estimated future domestic and international passengers, freight, and mail services?

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

1. Yes.

2. This depends entirely on the size of the aeroquay satellite but can run to ten or more.

3. Plans call eventually for turn around times of 20 to 40 minutes depending upon type of aircraft and type of operation, e.g. domestic or overseas international.

4. Within the foreseable future, yes.

AIR TERMINAL COST, DORVAL, QUE.

Question No. 82—**Mr. Macnaughton:**

1. What are the estimated figures of total cost for completion of the new air terminal at Dorval, Quebec?

2. What was the original estimated cost?

3. When is it expected to complete the said terminal?

4. Is there a general contractor in charge? If so, what is the name?

5. Are there any subcontractors? If so, what work are they performing, and what are their names?

6. Were tenders called, and on what dates were contracts awarded?

Questions

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

1. $15,000,000 for main terminal building.

2. Various cost estimates were made at various stages of the project but final accurate cost estimating was not possible until 1957 because final plans and specifications were not completed until that year. Earlier estimates varied from $10 million, when the project was first under study in 1954 and 1955, to $12.5 million in 1956, as plans and specifications were prepared, and to from $14 to $15 million dollars in 1957 as plans became final.

3. Late 1959.

4. Yes, the Foundation Company of Canada.

5. Yes, as below—

Pre-cast concrete slabs	Creaghan and Archibald
Pre-cast misc. concrete	Toronto Cast Stone
L. W. concrete fill	Porete Co. (Canada) Ltd.
Sprayed asbestos	Atlas Asbestos
Asbestos siding	Atlas Asbestos
Insulation and sound insulation cork	Armstrong
Misc. iron and ornamental	Ornamental Metal and Machine
Aluminum	Unique
Rolling steel doors	David C. Orrock
Pressed metal doors	Burmac
Pressed steel door frames	Walker
Lavatory partitions	Weststeel Products
Medicine cabinets	Canadian Pittsburgh
Millwork	Daigle and Paul
Entrance doors	Richards-Wilcox
Rubber doors	McGuire Cd.
Plastering	Gerard and Gerard
Aluminum lattice work	Williams and Williams
Roofing	Delphis Cote Ltee
Acoustic tile	Dominion Sound Equipments
Marble, tile and terr	Despirt Tile and Terr.
Glass and glazing	Consolidated
Air conditioning	Comstock
Refrigeration	Canadian Ice Machine
Elevators	Otis
Plumbing and heating	J. Becker
Electrical	Meco Electric Inc.

6. Yes, as below—

Item	Award Date
Foundation work	August 16, 1955.
Structural steel	September 14, 1955.
Curtain walling	September 12, 1956.
Concrete slabs and flooring	June 24, 1957.
Supply and delivery of cut stone	July 25, 1957.
Supply and delivery of granite	July 25, 1957.
General contract	November 7, 1957.

RENOUS NAVAL DEPOT, N.B.—CASUAL EMPLOYMENT

Question No. 94—**Mr. McWilliam:**

What is the estimated number of man hours or man days and/or estimated amount of money that will be required for casual employment for 1958-59 at the Renous naval ammunition depot, Renous, New Brunswick?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

It is estimated that there will be a requirement for a total of 1,200 man-days for casual employment in the fiscal year 1958-59 at the R.C.N. ammunition depot, Renous, New Brunswick.

PUBLIC WORKS—INSPECTION DURING BUILDING CONSTRUCTION

Question No. 98—**Mr. McWilliam:**

1. What procedure is followed by the Department of Public Works in connection with inspection during construction of public buildings?

2. By what method are inspectors selected?

3. Are there basic requirements necessary for the appointment?

4. Is veterans preference followed?

5. Is preference given to local applicants?

6. If the architects are responsible for inspection, how are public rights safeguarded?

7. If under the architects' inspection, are inspectors engaged in full time service and required to be on the site at all times during actual construction?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. (a) Where plans and specifications are prepared by outside consulting architects, it is the general practice to also make them responsible for the supervision of construction; (b) where plans and specifications are prepared by the department's own staffs, the work is supervised either by the staff in the district architect's office, or by a clerk of works (inspector) who is appointed for that specific project.

2. Clerks of works are appointed by the civil service commission following public competition.

3. Yes. Demonstrated ability to interpret specifications and read blueprints; a number of years of experience in the duties of a foreman or contractor on building construction or maintenance work; familiarity with prices and qualities of building materials; elementary school education with additional credits for further academic training; ability to prepare field sketches and reports; satisfactory physical condition and personal suitability.

4. Yes.

5. Yes.

6. The district architect, in whose territory and under whose jurisdiction the work is carried out, makes periodic visits to the project to assure that the intent of the plans and specifications is carried out and that the work is proceeding as expeditiously as possible.

7. (a) On projects exceeding $200,000 the outside architect is to provide constant supervision, and to that end he is also required to assign, at his own expense, a competent clerk of works who is to be on the work continually at all working hours during construction of the building; (b) on projects under $200,000 the outside architect is not required to assign a clerk of works, but he must give the project proper supervision during the life of the contract and particularly he, or a competent representative of his office, must be on the work at all times during the critical periods of construction, such as when excavation is being carried to its final levels; forms are being built, reinforcing placed; and concrete being poured.

DEFENCE PRODUCTION—TRUCK PURCHASES

Question No. 101—**Mr. Martin (Essex East):**

1. Has the government, through the Department of Defence Production, recently awarded contracts for the purchase of trucks from the Ford Motor Company of Canada and from Mercedes-Benz Limited?

2. If so, how many from each company and what was the amount of the respective contracts?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. Contracts awarded since January 1, 1958;

(a) Ford Motor Company of Canada Limited.

Jan. 21, 1 only 18,000 lbs. GVW cab and chassis	$ 4,455.63
Jan. 24, 120 only 3-ton dump	384,197.30
Feb. 5, 4 only truck tractors for 15-ton semi-trailers	28,230.06
Feb. 17, 20 only 27,500 lbs. GVW dump	124,377.40
May 23, 17 only ½-ton pick-up	25,155.75
June 2, 5 only standard cab and chassis	26,560.00
167 only	$592,976.14

(b) Mercedes-Benz of Canada Limited.

Jan. 15, 13 only 1½-ton cargo	$ 51,425.22
Jan. 24, 8 only 3-ton dump	35,313.20
Apr. 22, 5 only 3-ton dump	22,083.25
May 21, 44 only 3-ton stake	173,760.40
May 21, 18 only 1½-ton	81,235.56
88 only	$363,817.63

UNEMPLOYED, 45 YEARS AND OVER

Question No. 110—**Mr. Rouleau:**

1. How many persons being 45 years of age and over are at present looking for work in Canada?

2. How many of them are female applicants?

Answer by: **Hon. Ellen L. Fairclough (Acting Minister of Labour):**

1. In the week ended May 24, 1958, the estimated number of persons without jobs and seeking work, 45 years of age and over, was 92,000.

2. In the week ended May 24, 1958, the estimated number of females without jobs and seeking work, 45 years of age and over, was less than 10,000.

Questions

PILOT SUPERINTENDENT, ST. LAWRENCE RIVER SYSTEM

Question No. 115—**Mr. Fisher:**

1. Is there a Department of Transport superintendent of pilots for the St. Lawrence river system between Montreal and Kingston?
2. If so, what is his name?
3. Has this official, since May 1, told pilots under his authority that they would have police protection from striking pilots at the port of Kingston?
4. If so, what pilots and what dates?

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

1. Yes.
2. Mr. J. Melanson.
3. When the great lakes sailing masters set up picket lines at Kingston, the superintendent informed the river pilots under his jurisdiction that in case of any threatened violence by the sailing masters against pilots desiring to pass through picket lines, police protection would be requested.
4. No record kept.

SHIP ACCIDENT, SARNIA WHARF

Question No. 116—**Mr. Fisher:**

1. Has there been an accident involving a ship and the government wharf at Sarnia?
2. If so, what were the details in terms of time, damages, costs, and causes?
3. Did the ship have a pilot? If so, what was his name, address and what were his qualifications?

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

1. Yes.
2. At about 10 a.m. on June 10 the *Prins Willem V*, of Rotterdam, operated by the Orange line, while moving from Empire Hanna coal dock to the government dock, crashed into the wooden platform west of the freight dock. Considerable damage was done to the platform which is being assessed by engineers of the Department of Public Works. No appreciable damage was done to the ship.
3. It is understood that the ship had a sailing master on board but his name is not known.

SHIPPING STATISTICS, LAKE MICHIGAN

Question No. 117—**Mr. Fisher:**

1. Has the government any statistical information on the percentage of Canadian shipping using lake Michigan in 1956 and 1957 in relation to the total shipping on that lake for those years?
2. If so, what is the percentage?

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

1 and 2. No such information is available in the Department of Transport.

HOUSE OF COMMONS

Tuesday, July 1, 1958

The house met at 4.30 p.m.

DOMINION DAY

91ST ANNIVERSARY OF CONFEDERATION

Mr. Speaker: If it be the wish of the house to recognize this, our Canadian national holiday, before entering upon routine business, may I suggest that we sing "God Save the Queen", a verse of "O Canada" in French and a verse of "O Canada" in English. For the benefit of hon. members who may not be equally good in both languages the words have been put on the desks of all members.

Whereupon the members of the house rose and sang

God Save the Queen

and

O Canada.

TELEVISION

ANNOUNCEMENT OF ESTABLISHMENT OF NATION-WIDE SYSTEM

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I think it would be in keeping with the practice which has been developed under the order for motions if I were to make a very brief and very informal statement at this time. We are today celebrating the anniversary of the birthday of this country, the linking of the four older provinces which at that time were united in one bond of determination to maintain their identity and independence, and to prevent absorption by the country to the south.

At that time communications were very limited. There was a telegraph system and a railway, but to the west there were no communications unless by smoke signals or messengers who used canoes. Then British Columbia joined confederation, and telegraph lines, railway lines and finally telephones were established. We could communicate back and forth in a fraction of a moment, and we could travel across this continent in a short time.

Today it has been made possible for us to see each other from one end of this continent to the other. Those who are living on the far west coast, beyond the Rocky mountains, can look over those hills and see how the rest of us in Canada live. We in the east can watch the industrial development of the various provinces. All this has been made possible by the inauguration of a national television system, which has been established and is now in operation, extending from Sydney in Nova Scotia to Victoria in British Columbia, and shortly to be extended to Newfoundland.

I thought it fitting that this should be put on the record at this moment. The national program started at 4.30, just as we opened this sitting of parliament. I want to pay tribute to the engineers whose scientific abilities made possible this achievement in so far as plans and development are concerned. I also want to pay tribute to the various telephone companies who have financed this undertaking. I also want to pay tribute to the officers and staff of the C.B.C. whose imagination and courage have made possible this national system which we inaugurated some 15 minutes ago.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure that members of the house will have heard with great pleasure and satisfaction the announcement made by the minister. It is peculiarly appropriate on our national day that this extension of the microwave system, so important in bringing all parts of our country together and begun some three years ago, has been completed or almost completed on this July 1. I share with him the hope that the extension to Newfoundland, without which it will not be complete, will soon be celebrated also.

Mr. Nowlan: Within a few months.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of the members of this group I wish to join with the remarks of the previous speakers, and again in connection with this day say that while we are socialists and have a very progressive approach to life as it exists today, we believe in preserving the best traditions of the past. We trust that in future this house will set an example by returning to those good traditions.

EXTERNAL AFFAIRS

LEBANON—REPORTED MISGIVINGS BY CANADA AS TO INTERVENTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs whether he would care to comment on a press report that

Canada has informally expressed its misgivings to Great Britain and the United States about any intervention in the Lebanese crisis, even under the flag of the United Nations.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, as the members of the house know the Secretary General of the United Nations returned from the Middle East a few days ago and at the present time is engaged in consultations and discussions with heads of missions at the United Nations. It is expected that within a few days he will make a report to the security council on the situation in that area. I think it would be inappropriate for me to comment now on the Lebanese situation.

However, I will answer specifically and pointedly the question which the Leader of the Opposition has addressed to me. I saw that press report, and I give to the house the assurance that there is no difference of opinion between the United Kingdom, the United States of America and Canada with respect to the central role which the United Nations can play in solving the problem in Lebanon. We, with the United States and with the United Kingdom, are resolved to give every possible support to the secretary general and to the observation group to which we have contributed some officers.

CAMBODIA AND VIET NAM—REPORTED REFUSAL OF CANADA TO ACT IN BORDER DISPUTE

On the orders of the day:

Hon. Paul Martin (Essex East): I wonder whether the Secretary of State for External Affairs could comment on the report that Canada has refused to join with Poland and India, the other members of the international commission, regarding the border dispute between Cambodia and South Viet Nam?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, there has been an incident between South Viet Nam and Cambodia. Our representative, our acting commissioner on that supervisory commission, has taken the stand at a meeting of the commission that this particular dispute does not fall within the jurisdiction of the commission. The commission, our acting commissioner has pointed out, was established to supervise the cease-fire agreement between the communist Viet Minh and the army of the royal Cambodian government and not between Cambodia and South Viet Nam. Speaking for myself and for my department, we concur in the view he has put forward. That view has been taken on other occasions, and has been accepted.

[Mr. Pearson.]

Mr. Martin (Essex East): Mr. Speaker, may I ask a supplementary question. My hon. friend will recall that I put a question to him two weeks ago with regard to the functioning of the commission in Cambodia and in South Viet Nam. Possibly this would be a good opportunity for the minister to indicate, if he feels this is an appropriate moment, the likely tenure of the commission in both Viet Nam and Cambodia.

Mr. Smith (Hastings-Frontenac): The hon. member for Essex East will recall that in reply to the question he addressed to me I indicated that I would like time to see what we could do with respect to the Laos situation. Those proceedings are progressing satisfactorily, and I promise the house that we will thereafter address ourselves to the question of the dissolution of the commission in Cambodia.

PUBLIC SERVICE

PENSIONS OF SUPERANNUATED CIVIL SERVANTS AND MOUNTED POLICE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this being our national holiday, and an occasion upon which we remember the pioneers who built our nation, I would like to ask the Minister of Finance what I consider to be a most appropriate question for this day.

Can the minister inform the house, in view of the anxiety of many of our civil service pioneers who still wait in hope, what progress is being made in the study of the problem surrounding increases in pensions for retired civil servants and retired members of the Royal Canadian Mounted Police; and does the minister realize that this continuous procrastination with respect to a decision on this matter is causing the problem to be solved for an increasing number of pensioners by the effluxion of time?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, so far as the first part of the question is concerned, this matter is continuing to receive active study. So far as the second part of the question is concerned, my only comment is that it is not appropriate to this or any other occasion. I do not think it is the sort of question that my hon. friend expects to be taken seriously. There has been no procrastination in this matter; on the contrary, there has been very serious study of the problem, which may be more difficult to solve than the hon. member may realize.

FISHERIES

SALT FISH—INQUIRY AS TO RECENT MEETINGS IN OTTAWA

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, is the Minister of Fisheries in a position to report to the house on the meetings which took place in Ottawa last week between representatives of the fishing industry and officials of the federal and provincial governments in order to study the problems of the salt fish industry in relation to problems of export, production and quality?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, there has been a series of meetings between those interested in the salt fish industry and the Department of Trade and Commerce and the Department of Fisheries of this government. The parts of the conference having to do with matters which fall under the jurisdiction of my department are now receiving very careful attention, but as this series of meetings was called by my colleague the Minister of Trade and Commerce, I would like to refer the main part of the question to that minister for reply.

Mr. Robichaud: Mr. Speaker, is the Minister of Trade and Commerce prepared to answer the question?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker, we are giving very serious consideration to the problem of the fishing industry in the Atlantic provinces. We have had a series of five or six meetings with the minister of fisheries of Newfoundland, representatives of NAFEL, of the Newfoundland salt fish trade association, of the Newfoundland fishermen's federation and of the Nova Scotia salt fish exporters' association. All these people gave very comprehensive and reasoned statements of the position of the fishing industry in the Atlantic provinces. Officials of the Department of Trade and Commerce and of the Department of Fisheries are giving close attention now to these submissions, and we hope some changes and improvements may result from the meetings we have had and from discussions which will subsequently be held.

There has been some disturbance in the minds of some people with regard to NAFEL, which enjoys a peculiar position in the Canadian economy inasmuch as it has an exclusive licence in connection with the sale of salt fish. That licence was originated by the government of Newfoundland before confederation and continued subsequently by the federal government. It will not be discontinued without action on the part of the government, and I should like to assure those connected with the Atlantic fishing industry, and particularly the people of Newfoundland, that a full year's notice will be given if and when the exclusive rights of NAFEL are brought to a conclusion.

[*Later:*]

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I ask the Minister of Trade and Commerce to clarify that part of his statement having to do with the year's notice which he said NAFEL would receive. Would that notice date from any point in the year when the decision might be taken, or would it date only from that date on which NAFEL's contracts would normally be renewed?

Mr. Churchill: I think it would date from the time at which notice was given, but it would be in line with the normal commercial marketings of NAFEL. We do not want to interfere in any way with contracts that are being entered into now. It is that assurance I wish to make publicly, so that people interested in NAFEL's operations will know they can carry on their business at this present moment without suddenly being stopped. What they have been afraid of is that overnight this privilege of theirs might be discontinued. We have no such intention.

MIRAMICHI, N.B.—STATEMENT ON REPRESENTATIONS RESPECTING CHANGE IN SEASON

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, yesterday the hon. member for Northumberland-Miramichi asked me a question which I took as notice. He asked if representations had been made to me or to my department by the Miramichi salmon drifters' association seeking a change in the New Brunswick fishing regulations to eliminate the two-week lift period for Atlantic salmon net fishing. No such request has been received since the lift period was fixed under order in council P.C. 1958-441 of March 29 last.

NATIONAL DEFENCE

STATEMENT ON REPORTED INABILITY OF CANADA TO OBTAIN U.S. NUCLEAR WEAPONS

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, on June 25 the Leader of the Opposition asked me the following question:

—whether the Canadian government has made representations to the United States government

concerning amendments to the United States atomic energy act, approved by the Senate in Washington on Monday, which would prevent Canada from obtaining United States nuclear weapons of any kind, and would make it illegal for the United States even to supply the information to enable Canada to design such weapons for use by our navy, army or air force?

I am bound to give a somewhat extended answer and I would ask you, sir, to blame the Leader of the Opposition for asking such a question rather than myself for the length of the answer.

I can assure the Leader of the Opposition that we have followed closely the discussions in the United States congress of the amendments to the United States atomic energy act. The house will appreciate that certain restraint has had to be exercised in discussing the legislation of another country while it is under review by the legislature of that country. The United States government is being kept fully aware of possible Canadian military requirements, and we anticipate that we would experience little difficulty because of the amendments under consideration in making any future arrangements with the United States government in the military application of atomic energy which may be necessary for our joint defence.

However, the Leader of the Opposition's question concerned a situation last week in which the United States congress was considering amendments proposed by the two United States houses to amendments proposed by the United States executive to an act which is already amended from the form in which it was originally conceived. I am sure the house will understand, therefore, that it would be inadvisable for me to comment in any detail at this stage on what has been a very complicated amending process.

I would, however, like to add a further comment on the implication of the question which has been asked. There is a suggestion in the question, it seems to me, that the process of amending the United States atomic energy act which is going on has in some sense made more restrictive the provisions of that act. I can with assurance tell the house that this is the exact opposite of the intent of the United States administration, as indicated in the hearings which have taken place over some months. Late last October, following discussions with the Prime Minister of the United Kingdom, the President of the United States indicated that he would request congress to amend the atomic energy act in order to permit close and fruitful collaboration in this field between the United States and other friendly countries. Again, in his message on the state of the union early this year, the President of the United States emphasized the necessity that congress enact legislation to enable the United States to exchange appropriate scientific and technical information with friendly countries.

There have been a number of other statements by senior United States spokesmen which echo the view that the amendments were intended to liberalize existing United States atomic energy legislation. Many features of the act as it existed before the recent amending process remain unchanged. Even under the earlier provisions of the act it has been possible to meet Canadian requirements as they have developed.

At this stage it is impossible to be certain of all the implications of the amended act for Canada, or indeed for any other interested country. After the new act becomes effective there will follow a period when important interpretations have to be made of its terms in the light of specific requirements. Certainly the amendments would seem to provide somewhat more latitude for co-operation between the United States and friendly countries than was provided in the United States law preceding the amendments.

It is for this reason that the Canadian government anticipates that future Canadian defence needs, in so far as this area of co-operation with the United States is concerned, will be served just as in the past by the necessary degree of United States co-operation in this field that has been possible under existing United States legislation.

I have dealt with the general aspects of the question asked by the Leader of the Opposition. He has raised as well two particular points. So far as the first of these is concerned, it is not my understanding that the amendments to the United States atomic energy act in so far as they concern the supply of nuclear weapons to other countries affect in any way the provisions of the atomic energy act of 1954.

As to the final part of his question about supply and design information concerning atomic weapons, I should like to point out that the United States atomic energy act as amended will make provision for the supplying of United States restricted data necessary for the development of defence plans, the training of personnel in the employment of defence against atomic weapons, the evaluation of the capabilities of potential enemies in the employment of atomic weapons, and the development of compatible delivery systems for atomic weapons.

The implications of the revised United States atomic energy act for the Canadian defence program perhaps fall within the jurisdiction of my colleague the Minister of National Defence. I apologize for the length of the answer, but I could not possibly have done better.

HOUSE OF COMMONS

REQUEST FOR INFORMAL ATTIRE OF EMPLOYEES IN HOT WEATHER

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question I should like to direct to the Acting Prime Minister. In view of the extremely hot weather would the Acting Prime Minister give consideration to allowing the members of the staff of the House of Commons to remove their jackets, so they may perform their duties in more comfortable attire during this warm interval?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, may I point out to the hon. member that this comes under your jurisdiction.

PUBLIC BUILDINGS

SUDBURY, ONT.—INQUIRY AS TO SALE OF OLD BUILDING

On the orders of the day:

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, may I address a question to the Minister of Defence Production. Can the minister advise whether negotiations have been reopened for the calling of tenders for the sale by Crown Assets Disposal Corporation of the old building in Sudbury, at the request of the city council?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, in reply to this question I wish to state that the officials of Crown Assets Disposal Corporation are presently studying the demands made by the city of Sudbury and certain difficulties that have arisen in the negotiations with the company that had made an offer and deposited a cheque.

THE MINISTRY

INQUIRY AS TO RETURN TO THE HOUSE OF MINISTER OF LABOUR

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Acting Prime Minister which I do, sir, with all due respect to the Acting Minister of Labour (Mrs. Fairclough). Can the Acting Prime Minister inform the house when the Minister of Labour is expected to return to the house after his lengthy absence, to accept the responsibilities he should assume as minister of his department in view of the continuing economic crisis caused by strikes, lockouts and unemployment?

Coal—Shutdown of Nova Scotia Mines

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I suggest that upon reflection the hon. member will realize that the statement he has just made is extremely unfair to the Minister of Labour. It is all right for the hon. member to drag in the question of strikes and lockouts, in which he seems to be very much interested—

Mr. Winch: I am.

Mr. Green: —though not necessarily always from the point of view of getting them settled. The government is very much interested in strikes and lockouts.

Mr. Winch: On a point of order, Mr. Speaker—

Some hon. Members: Sit down.

Mr. Winch: —I have always been interested in getting strikes settled.

Mr. Green: The Minister of Labour has been absent in Europe on very important business having to do with his department, and I am surprised that the hon. member for Vancouver East has not realized that fact.

Mr. Winch: May I ask the Acting Prime Minister whether there is more important business for the Minister of Labour than the situation now existing in Canada?

Mr. Green: The Minister of Labour has various duties, and I think most fair-minded members of the house will agree that since his appointment he has done an excellent job as minister.

SUPPLY

The house resumed, from Monday, June 30, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Robichaud.

COAL—ALLEGED CHANGE IN GOVERNMENTAL POLICY

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to remind hon. members of the first part of the amendment moved by the hon. member for Gloucester, because I wish to address my remarks now particularly to that part of the amendment. It asks the house to regret "that the government has failed, despite the measure announced on Friday by the Prime Minister, to avert the five-week shut-down in the Nova Scotia coal mines." It is quite obvious, sir, that this measure has failed to avert a shut-down.

The measure announced by the Prime Minister, welcome though it was—and I hasten to say that any expedient that could be justified at all would be welcomed by us

on this side of the house in order to keep these miners at work—is after all only an expedient, and it is very hard to see why it would not have been just as easy for the government to take this action two weeks earlier and avert a shut-down altogether. After all, as I understand the statement of the Prime Minister, all the government is proposing to do is to pay the carrying charges on the stockpile of coal over and above the normal stockpile. If that would be a good thing to do at the end of June, it is very hard to understand why it would not be an equally good thing to do at the beginning of June, and it is very hard to understand why the government left this matter to the very last moment, because as was pointed out last night, and I do not intend to repeat it, the government had plenty of warning of what was coming.

The hon. member for Inverness-Richmond (Mr. MacLellan), who made the only speech on the government side deserving of any serious consideration, is obviously a good lawyer. He is the kind of lawyer one would engage to defend one if one had been guilty of murder, because I never heard a better attempt to make black appear white than the effort made by the hon. gentleman last evening. He talked about Liberal neglect and betrayal of the coal industry. He talked about that in the face of the indubitable fact that never during the Liberal regime were 9,000 miners thrown out of work at any one time, as has happened since the Tories came into office. He talked with total disregard of the fact that subventions, which have been in operation since 1928, were a Liberal expedient. He told us a fairy tale about Angus Macdonald, when the fact, of course, is that Angus Macdonald was a member of the government at the time the royal commission was established which recommended mechanization, one of the most serious efforts yet made to make the coal industry efficient and economically sound.

He also said that the present government had started the policy of having coal used in government buildings. I assume he was ignorant of the truth which is, of course, that that policy was in operation under the previous government. He talked about the power program instituted by Mr. Harris and Mr. Lesage, as so many Tories do, as if it had been instituted by the present government. He talked about the efforts of the present government to get an overseas market, and completely ignored the fact that the only successful effort in this regard was that made by the previous administration in arranging exports to the United Kingdom. He also talked about the market being protected in Ontario and Quebec, in the face of the fact that that market is being lost more and more every day.

Even this belated action of paying the carrying charges on the stockpile is nothing new. It is true that it is a new expedient applied to the coal mines, but it is precisely the same policy as was applied two years ago by the Liberal government under the leadership of Mr. C. D. Howe with respect to the carryover of wheat. We cannot help but be flattered that, in order to meet an emergency, the present government should once again have to follow a precedent instituted by a Liberal government.

Since this is only an expedient, since this paying of carrying charges to the end of the year is going to solve absolutely nothing, it does seem to me that when the Minister of Mines and Technical Surveys rises to speak he should tell us what is going to happen at the end of December. What is going to happen to the coal industry in 1959? The problem is still going to be there. The Prime Minister did indicate in a vague sort of way that there was some prospect of selling about 4 million tons. I think the minister should be precise and tell us just what there is to this prospect. What markets are in sight?

He should also tell us if there is an agreement already in force with Dosco, and he should lay the agreement on the table so we can see what is in it. He should also tell us whether Dosco has given any assurance that in the period beyond the end of this year collieries will not be closed, because there is a strong suspicion that it is the intention of the company to close collieries.

Now, sir, we had at least three members on the government side of the house last night quoting the statement made by Mr. St. Laurent at Fredericton something over a year ago. What did Mr. St. Laurent say? He said that he would not advocate any substantial increase in coal production. He said also there should not be any ghost towns created in the coal fields. In other words, what he was saying was that the policy that was applied to the gold mines so successfully by the previous administration, and which is being continued by this administration, should be applied to the coal mines. I say that no public man with any sense of responsibility would have promised a substantial increase in coal production in 1957. Hon. gentlemen opposite, not expecting to win an election and blinded by a vision—the vision of office —were ready to promise anything.

Here is what they did with that statement by Mr. St. Laurent. I have here a full-page advertisement from the Halifax *Mail-Star*

which is headed, "The Coal Industry; Action Today or Regret Tomorrow." It reads in part:

If coal production is not increased the services of some 4,000 of the 11,000 mine workers presently employed in the Nova Scotia coal industry will not be required.

This is a quotation from the Gordon commission. Then there is the quotation from Mr. St. Laurent, to which I have referred, and a quotation from Mr. Stanfield, the premier of Nova Scotia:

The Prime Minister, as a matter of policy, has set his face against the expansion of the coal industry in Nova Scotia . . . And on no issue is there greater disagreement than our stand on coal policy and the position taken by the Liberal party.

Hon. gentlemen had better not applaud too quickly.

In these statements above, the people of Nova Scotia may read for themselves and judge for themselves who has the best interests of Nova Scotia at heart.

Your Progressive Conservative candidates are in favour of a coal policy that will increase coal production! Do a good turn for Nova Scotia—turn out and vote Conservative on June 10.

What has happened since? Coal production has declined by 10 per cent up to this time, and the mines are closing. Obviously production is going to decline a great deal more than 10 per cent in the next five weeks.

An hon. Member: You hope so.

Mr. Pickersgill: Obviously production is going to decline, since there is going to be no production at all. The mines are going to be closed. What policy has the government for dealing with the coal industry, and for the future of the coal industry? The minister of northern affairs, speaking for the government, talked about a big steel mill some time in the future, some time within the next 40 years. The minister of northern affairs, with that long-range vision of his, was going to give us a steel mill in Nova Scotia.

But what do we really hear about the steel mill? We hear from Dosco that it is not in Nova Scotia they propose to build a steel mill. Dosco is proposing a steel mill in the greater Montreal area. What is the government going to do? Where is that policy of decentralization of the Tory resolutions drawn up at Moncton, on which they sold their policies a year ago? Where is the decentralization of industry? Apparently the decentralization of the steel industry is to be away from Cape Breton to Montreal.

There is no one on this side of the house who would not want to see a steel mill in Montreal. I do not believe there is any doubt that there will be a steel mill in Montreal. But it does seem extraordinary that this government, which got the votes of the people of Nova Scotia by telling them that the Conservatives were going to bring about decentralization of industry, are now sitting idly by while Dosco appears to be proposing to transfer its main operations from Cape Breton to the St. Lawrence.

It is not only in the coal industry, sir, that things have been happening in Nova Scotia. Mr. Henry Hicks gave a statement to the press on June 11, and this is what he said. This statement relates more particularly, of course, to the second part of our motion, which I will not take the time to read, the part referring to the government backing away from the decentralization of industry. This is what Mr. Hicks had to say:

In the past few months we have seen the closing down of several important and useful industries in Nova Scotia, most notably Consumers Cordage in Dartmouth, The Canadian Canners processing plant at Middleton, Moirs box mill at Bedford and the Wolfe Hat and Cap plant at Stewiacke. Even more recently, the announcement has been made of the probable closing of the Hamilton Biscuit Company at Pictou.

In addition to this, a disturbing number of business firms in Nova Scotia have gone bankrupt and made assignments in the past few months. The figures for 1957 were running three times as high as the figures for the previous two years. While the closing of these firms has come in for a good deal of public attention, I am suggesting that the public may not be fully aware of the lay-offs in other industries throughout the province. Some of them are known—the Halifax Shipyards Limited; Eastern Car plant at Trenton; Point Edward naval base—but there are others, lesser in numbers individually, but collectively involving many of our people.

While it is of course true that the Canadian economy is passing through a period of recession, there are definite signs to indicate that we in Nova Scotia are perhaps being affected more adversely than any other areas of Canada. For example, dominion bureau of statistics figures indicate that the housing industry in Canada is experiencing a substantial improvement for this year, but as was pointed out in the Halifax *Chronicle-Herald* of June 4 in an article headlined "Home Building Booming, but not in Maritimes", we in this province are unfortunately not sharing in this improvement. Indeed all maritime provinces are substantially behind last year in home building figures.

Now, sir, in New Brunswick the decline in employment is evident in the collieries at Minto; in the closing down of the base metal mine in the Bathurst area; the closing of the textile mill at Milltown; the threat to the sugar refinery at Saint John, and if that goes the public has been told that Ganong's at St. Stephen may have to close.

Finally, sir, last night the minister of northern affairs gave us encouragement by telling us that the federally subsidized Beechwood power was being exported to the United States. This is happening at a time when the pleas of the government of Newfoundland for assistance in power development in that province are rebuffed by this

government. Apparently Newfoundland does not come within the scope of the George Brown-John Diefenbaker-Alvin Hamilton vision.

It does seem to me, sir, that already I have given enough evidence to show that whatever the government's intention may be the facts are—and it is the facts at which we have to look and the facts by which we have to judge—that in the past 12 months there has been a decline in economic activity in the maritime provinces even greater than the decline in other parts of Canada. There has not been any sign whatever of this policy of decentralization of industry about which so much was made before the June election, and even before the election of last March. As the vision fades before the harsh, clear light of reality, of another period of Tory hard times, the people of the maritimes—

Some hon. Members: Oh, oh.

Mr. Pickersgill: I suggest hon. gentlemen just stop and listen—the people of the maritimes will regret the Tory discovery of the maritimes and their own discovery of the Tory party. I say that if things go on the way they are going at present in the maritime provinces, it will not be very long before people there are looking back to the golden age of Liberal neglect in the St. Laurent-Howe era, when the population increased; when income increased; when there was virtually full employment; when equalization multiplied by seven times the yield of direct taxes; when transfer payments from the federal government in Nova Scotia increased 9 times, in Prince Edward Island 11 times, and in New Brunswick 20 times, while they increased only 6 times in Ontario.

Mr. Speaker: I am sorry to interrupt the hon. member, but his time has expired.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, as the member of the government representing the province of Nova Scotia, I think perhaps I should intervene in this debate for a few moments. There is nothing much more to be said from this side of the house than was said yesterday in those four very able speeches that were delivered by the Nova Scotia members in opposition to this proposal which has been made. Despite the caterwauling and sarcasm of the hon. gentleman who has just sat down, I will tell him that he has never heard finer speeches made by four freshman members of the house at any time in all the years he has been sitting here.

It also was particularly appropriate, Mr. Speaker, that two of those speeches should be made by men who worked in the pits. I refer to the hon. member for Cape Breton South (Mr. MacInnis) and the hon. member for Cape Breton North and Victoria (Mr. Muir). The hon. member for Cape Breton North and Victoria suffered an accident resulting in a broken back. I think this house and this country will take the judgment of these men on the coal industry of the province of Nova Scotia before they will take—no matter how respectable and how honourable the members may be—that of an ex-fisheries inspector from Nova Scotia and an expatriate college professor from Winnipeg, particularly when the expatriate college professor has a schooner but has to get the William Carson to get him back to Newfoundland. If he is as much at a loss in navigating that schooner as he was in making that speech last night, he certainly needs a chart and compass to get him back on course again.

It was an amazing speech, Mr. Speaker. It had no beginning and it certainly had no end. It slithered something like a water snake, twisting and turning, without logic and without reason. When it ended there was nothing more said by it than there was at the beginning.

This is one of the great motions of want of confidence in the House of Commons, one of the six motions to go into supply when the substantial omissions of the government are brought to the attention of the house. If this is all the opposition could arraign this government on, then certainly the record of the government is very good indeed.

What are the facts of this matter? In the first place I should like to say this. I should like to pay tribute to the men who have been operating in the mines of Nova Scotia during these years, who have worked hard and have increased the daily production per man, which fact, together with mechanization, has resulted in the surplus which we have today. The men have gone for over four years without an increase in wages and without a new contract. They deserve full credit for the tremendous achievement which has been made in the development of coal in the Nova Scotia mines.

I should like to pay tribute to the leadership of the union, those leaders who came here and made their representations to the government. We heard the Prime Minister refer to them in the house the other afternoon. I am not going further except to say that it is a tribute to Canadian labour when you have men of that calibre representing a large union such as the U.M.W., which was referred to on this occasion.

It is true that there is overproduction at the moment. There seems to be a great deal of misunderstanding about this matter. I heard it suggested over on the other side of

the house yesterday—I do not think this was intended seriously—that this stockpile itself could not be sold during the coming year, that there were not orders enough to make that possible. The truth of the matter is that the company is selling more coal than was sold before. The truth of the matter is that there are orders for over 4 million tons of coal. The truth of the matter is that with the help of this government and with the—

Mr. Pickersgill: Then why are they shutting down?

Mr. Nowlan: Wait a moment and I will tell you. As I was saying, with the leadership of the company and the aggressive management and the co-operation of this government in subventions, they have sold over 350,000 tons of coal to new customers within the last two months, customers that were never found before. My hon. friend spoke about markets being lost in Ontario. That is the greatest poppycock I have ever heard. Markets have been developed in Ontario. That is why we increased the subventions. They are being developed rapidly in the province of Ontario. During the winter months and during this spring a stockpile developed there. The stockpile now is probably about 1,400,000 tons of coal.

Mr. Robichaud: There was also an election.

Mr. Nowlan: Yes, there was an election. That is really the reason we have this motion today, Mr. Speaker. Hon. members opposite took the maritime provinces for granted so long that they thought the maritimers were helots, and that all they had to do was pull the string and they would vote Grit. But they finally woke up and had intelligence enough to vote Conservative, and hon. gentlemen opposite have not yet got over the shock. The maritimers ceased being taken for granted. That is a mistake the Liberals still make, in assuming that they will continue to vote for them.

As I was saying when I was interrupted, the stockpile is roughly 1,400,000 tons. There are orders for 4,600,000 tons of coal and orders are still coming in. Many of these orders are for green coal from the mine. You cannot translate the coal from the stockpile into the orders as they get them. Only a proportion can go. It is going to take months, perhaps into the winter, perhaps even into next spring before the whole stockpile is liquidated; and liquidated it will be, because the company will see to it that it moves out and, as I have said, the orders are recurring and multiplying.

What was the situation? We were told that we did not avert a lay-off of five weeks. We did not have an opportunity to avert a lay-off of five weeks. We were not consulted about a lay-off of five weeks. The company told us that a lay-off of five weeks was necessary for the efficient and economical management of the company's properties. We are not in a position to dictate to the company what it should do. The company went on to say that if that five-week lay-off, which was necessary, were not continuous but were spaced over the period of the next two or three months in various pits at different times, tied into the vacation period and so on, its impact—as serious as it is, of course—would be much less than if it were one that came with full force and was carried on consecutively through all the pits in the province. But the company did say that having inaugurated that lay-off of five weeks which they felt, from the standpoint of business efficiency and management, was necessary, it also would have to extend the lay-offs much further unless government assistance was forthcoming.

Assistance was discussed last week and the week before and various other weeks. The company proposed that one way in which it might be done would be to assist in the carrying charges of the surplus stockpile over and above the normal stockpile, of which of course they have had figures throughout the year. Those estimates were made. They were confirmed by the dominion coal board. We agreed and the government of Canada, in co-operation with the province of Nova Scotia, assumed the difference between the normal stockpile carry-over as estimated at the end of this year and the stockpile we estimate is going to be there. We take the interest, the stockpiling and the insurance and pay these expenses instead of having them paid by the company.

The company still has to raise the money. The company still is risking its capital. The company still has the coal to dispose of. These are the obligations of the company. It is a joint undertaking whereby the company advances the money and carries on the mine. We agreed to assume the cost of the additional burden over and above the normal to the end of this year. The province agrees to accept part of the cost.

Much has been said about this being paltry and about the way it has been done, but I want to say that the union officials who were here expressed tremendous satisfaction at the way in which this government had acted. There have been many quotations from the papers yesterday and today, most of them rumours and a dialectical display of a coup here and a coup there, but I want to refer to a statement appearing in the Halifax *Chronicle-Herald* of yesterday,

which quoted Mr. Delaney, the union deputy board member who was here on Friday, as saying that there would have been, of course, much greater loss if this government had not acted at the request of the union, and that the federal government action was the fastest taken by any government in his experience.

We are supposed to be too slow; we are supposed to have been too late, but here is the national board member of the U.M.W., with all his experience in dealing with governments throughout the years, saying that the action we took was the fastest that has ever been taken. Where is all the specious poppycock we heard yesterday from the other side of the house? This government deserves tremendous gratitude for having done what it did. It has the endorsation of the Halifax *Chronicle-Herald*, one of Nova Scotia's large newspapers; it has the endorsation of the Cape Breton paper; it has the endorsation of other large daily papers in the province; it has the endorsation of 95 per cent of all the weekly press in the province; it has the endorsation of the provincial government and has the endorsation of the united mine workers of America. The only thing it lacks is the support of the hon. members who spoke this afternoon and the few for whom they were speaking. I will take the support we have for our position and for the action which this government has taken.

This is not the first thing we have done for the coal industry. We increased subventions last year. In particular we increased subventions last fall for the mine at Springhill in order to keep that mine operating until it was eventually closed, not for lack of financial support but because of the physical situation which developed when the mine was temporarily closed until the seams were brought back to parallel. We increased subventions to other mines so the coal could be brought to other territories, and we increased subventions three weeks ago in order to allow 150,000 or 200,000 tons of coal to be moved into the Belleville area in Ontario. Now we have again increased subventions. Mind you, this should be made clear. This money is not being paid out to the company as such; it will probably not all be paid out this year. This money will be paid out in the form of subventions as the coal moves from the pit stockpile, and it probably will not all be moved and therefore the subventions will not all have been paid out until some time next year.

There has been some talk of corporations. I have no particular brief for this corporation, but I think it has done reasonably well in maintaining employment and in paying out millions upon millions—more millions of dollars than have been paid out before—in producing coal and continuing to carry the burden, as the corporation is still carrying the burden, and spending money to keep going. It has to pay out all this money itself. It is a lot to do, and it is something which has not been done before.

The hon. member must certainly have been hard put to find an analogy for what his government did for the coal industry when he compared this action with what Right Hon. C. D. Howe did for wheat three years ago.

Mr. Pickersgill: It is the same thing.

Mr. Nowlan: Is that the best comparison of what his government had done for coal? It is true that the former Liberal government under Mackenzie King in the early days of the twenties brought in coal subventions, but they were inadequate. They were not sufficient to keep the industry going. It was under the government of R. B. Bennett, when Gordon Harrington was premier of Nova Scotia, that subventions were increased materially so the economy of the Nova Scotia mining communities was restored and the mines operated for another 20 years. After those subventions were established, costs and freight rates increased until we reached another stage and we were losing our markets. What did the former Liberal government do in order to assist the Nova Scotia coal industry in those days? What did that government do during the last few years?

Hon. members pointed out yesterday afternoon the difficulties of the various mines, that this mine had closed down and another mine was closing down, and that thousands of men would be out of work.

One mine definitely closed down just over a year ago, when the Liberal government in Halifax was being assisted by the Liberal government in Ottawa. We now have a Conservative government in Halifax and we have a Conservative government in Ottawa, and those governments are working in cooperation with each other and are accomplishing something for the coal industry.

I deprecate the pessimism which has been exhibited in this house. This afternoon my hon. friend went off the course. He did not have much to say about the coal industry, so he became Jeremiah and wrote the third book of Jeremiah when he talked about the closing of all the industries in Nova Scotia. Although I was sure he was sincerely sorry to have to enumerate the long list of shut downs, one could not but detect a slight gleam in his eye. He went on to speak of the Moirs woodworking company which had been closed down and he also mentioned several plants

which had been closed down, burned down, or had gone out of operation in the last ten years.

What was the Liberal coal policy? We have heard a great deal said about that and certainly the hon. member for Villeneuve (Mr. Dumas) and the hon. member for Inverness-Richmond (Mr. MacLellan), who spoke yesterday afternoon referred to it. I do not have to recap or recount the coal policy of the former government but perhaps, just to keep the record straight—having in mind that this was referred to by the hon. member who has just sat down—I should say that their so-called coal policy did not come anywhere near meeting our problems. The people of Nova Scotia refused to accept it and the Liberal government itself did not know just what it was. They talked about producing coal at cost and using it for producing power. As the hon. member for Inverness-Richmond said, "What is cost?" It could be anything.

This government, before the election of June 10, laid down its policy. We said if we were elected we would build thermal plants which would produce electricity cheaper than it was then being produced. That was our pledge, and that pledge has been kept. We have inaugurated a policy as a result of which we expect and believe that thermal power will be developed in Nova Scotia at a comparable cost to that of power in Ontario at the present time. This is really a major gain.

Our interests were twofold; (a) to promote the coal industry in Nova Scotia and (b) to promote the natural development of our province. We tried to do these two things together, using our coal industry and development of our power, and by means of subventions are bringing down the cost of the power produced in that area.

This is the program we have been carrying out and which we are carrying out today. There has been a great deal of complaint, and particularly complaint about some plant to be built in Saint John—whether it is going to use coal or whether it is not going to use coal. The Minister of Northern Affairs and National Resources in the magnificent speech he made yesterday afternoon pointed out that no one could foresee the future for generations or even for years to come. But this can be said without any question whatsoever,—namely that any thermal plant receiving assistance from the federal government today, tomorrow or in the reasonably foreseeable future, is going to burn Nova Scotia or maritime coal or it will not get subventions. The hon. member for Bonavista-Twillingate last night said he wanted a statement on that subject, and I hope this is a specific answer to the questions he asked. I am speaking with the authority of the government when I make this statement.

Mr. Pickersgill: Would the minister permit a question? Would he state whether that stipulation will be put into the contract for the Saint John plant, as Mr. Stanfield said it would?

Mr. Nowlan: I am not discussing contracts at the moment.

Mr. Pickersgill: No; exactly.

Some hon. Members: Oh, oh.

Mr. Nowlan: Will you stop that "ah-hah". That is about all you know. Some of you are used to the kind of government which thinks everything has to be in black and white and that everything has to be written in a contract if commitments are not to be broken.

Mr. Bourque: Tell us something about the truth.

Mr. Nowlan: What did I hear you say?

Mr. Bourque: I said, tell us something about the truth of what has been going on.

Mr. Speaker: Order. I think there are too many speakers in this house.

Mr. Nowlan: I am wondering if the hon. member is insinuating that I am not telling the truth. Mr. Speaker, the hon. member will withdraw that on your instructions, I hope.

Mr. Speaker: I am not sure of the words the hon. minister complains about.

Mr. Nowlan: He said for me to tell the truth.

Mr. Bourque: I did not say that. I said tell us all about the truth.

Mr. Nowlan: Well, *Hansard* will have what he said on the record. I am not concerned about that any more.

An hon. Member: Unless it is changed.

Mr. Nowlan: I am sure it will not be changed any more.

The government's policy was that the power should be developed. The Liberals, then the government, in a last dying effort produced the so-called Winters scheme for the development of power, and the merit of that can be judged by the fact that last night the hon. member for Bonavista-Twillingate admitted that it was on June 6, in the dying days of a dying campaign of a dying government that the government made a commitment with respect to using coal in the Nova Scotia thermal power plants.

An hon. Member: After they had kicked us in the teeth for years.

Mr. Nowlan: That is the merit of the so-called program advanced. We advanced our own program. It was accepted by the people of Nova Scotia and New Brunswick in June; it was accepted again this March. It is being carried out, and it will be carried out; and, as I said a few moments ago, coal will be used in all plants which have received subventions or assistance from this government for the reasonably foreseeable future. Here again, look at the difference between the two schemes. These plants are going to be operated by the provincial governments, under provincial control.

One could go on and on, but I think I have said enough to suggest that the record of this government with respect to its coal policy, and the increased assistance which we have given to the industry during the short time we have been in office, have re-established the faith of the people with respect to putting the industry on a firm basis again and the people of Nova Scotia have no doubt as to where this government stands with respect to it. I say this because never before has any government gone so far as we have gone in co-operation with the provincial government in extending this subvention.

Hon. gentlemen opposite say, what about next year? I do not know about next year. Next year is another year. We are dealing with the present. We have made arrangements to provide full employment for the miners in the mine fields of Nova Scotia operated by the company subject to the 25-day lay-off which the company, as I explained before, said was inevitable and which they intended to carry out in any event.

It may be that next year again the coal industry will face difficulties. I do not know. If it does, I think this government has shown its interest in the coal industry in the province, so it would be prepared to give consideration to the problem if it should again arise. This action taken by the government the other day has both negative and positive implications. It is negative in that it prevented a lay-off. To that extent it is negative, although even this was very positive to the people who are not to be laid off. But it also has a positive implication, because the government would not have achieved this temporary result if they had thought that in a few months time the effort would be abortive and useless.

The government believe that the future of the Nova Scotia coal industry can be re-established and is reasonably bright. We have seen an example within the last few days, when the Ontario hydro commission chairman said that within a year or two he would be buying well over one million tons of coal and that within 10 years, even after making allowances for the St. Lawrence seaway and all the other developments of hydro electric power—he, or rather the hydro commission, would be buying over 10 million tons of coal according to the present expansion program for Ontario.

All it comes to, Mr. Speaker, is a redirection of this subvention, a little here and a little there. We have already broken into Ontario to a fairly substantial degree, and by increasing subventions, which might not necessitate an over-all increase at all, you could move Nova Scotia coal into this tremendous market which is so very near and capable of so much expansion, this market which is going to develop along the seaway. And with the development of the seaway both ways, United States coal may come down, but Nova Scotia coal can go up.

I remember when I was sitting on the other side of the house I quoted from dominion coal board figures which said that by 1965 the coal industry, not only of Nova Scotia but the coal industry generally, would be on the upsurge again because of increasing costs of producing oil and other fuels. And I believed what I said when I said that the future of the industry is bright.

We have a new company. It must be remembered that the company only took over last November; it has not been there very long, but the management has been aggressive and intelligent in developing new sales policies; and with the collaboration of the governments and that management I believe that within a relatively short period, a year or two at the outset, we could develop a market for Nova Scotia coal, and develop the production of Nova Scotia coal.

One thing which I believe to be really bad about this lay-off is not the financial loss so much but the fact that the miners who have worked so hard might feel that if they had not worked quite so hard they would not be facing a lay-off. I hope the leaders of the industry will avoid that mistake being made, because we have to have continual production and continual effort, the co-operation of management and labour in the industry, and given those things we can solve this problem and we will do so.

In so far as this specific amendment is concerned, we are told first that the house regrets that the government has failed to avert a five-week shut-down. As I said a moment ago, it is true there is to be a five-week shut-down. But we did not fail to avert

it, because the company said it was inevitable in any event. When they came before us with this proposition they had already announced the five-week shut-down as something which they, or any company in a similar position, would be bound to institute.

Then the amendment expresses regret that the government has backed away from its commitment to promote the establishment of industry in the Atlantic provinces. That is absolutely fallacious and without any foundation in fact or fancy. The policy of this government is twofold. As I said, it is to help promote the coal mines, to develop cheaper power, and to develop industry. And in Nova Scotia, New Brunswick and Prince Edward Island industry depends on power and transportation. We have taken the steps necessary to provide cheaper power and to avert an increase in freight rates not only in the maritimes but elsewhere in Canada, and we are going to take other steps with regard to transportation problems in the maritimes and in the rest of Canada. This government will, I am confident, have shown before very long that it is responsible for a tremendous development of industry in the maritimes as well as in Canada generally.

The last part of the amendment reads:

> And particularly from its specific undertaking to ensure the use of coal in thermal plants assisted financially by the federal government.

That again is a sheer figment of the imagination. The government has not departed from the policy announced by the Prime Minister that we are going to insist that all thermal plants in the maritime provinces receiving federal assistance shall burn coal. That is our policy. It has been stated by the Prime Minister, and it is beyond challenge and contradiction.

I do not think there is any point in commenting further on the statements that have been made. As I said earlier, the speeches that were made by hon. members yesterday were speeches of which I was proud as a minister coming from Nova Scotia. They were speeches of which I am sure all hon. members of this side of the house and the people of Nova Scotia in general will be proud as well when they read reports of them in today's newspapers. The speeches were a credit to this house and to those who made them. Hon. members who entered into the debate come from coal constituencies in which they have a lifetime of personal knowledge and experience, and it was rewarding to see the keen interest they took in the matter.

Under the circumstances I suggest that the house cannot possibly accept the amendment which has been proposed and I urge that it be defeated when it is brought to a vote this evening.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to have the privilege of saying a few words on this amendment though I have to confess that perhaps in the eyes of the hon. minister who just sat down I am disqualified from doing so because I am an ex-professor.

Mr. Nowlan: You might be an intelligent one, though.

Mr. Pearson: I am not even an ex-inspector of fisheries. I recognize, of course, as all hon. members of the house must recognize, that anyone who has worked in the coal mines has a special claim to be heard in this house in respect of any coal question. There is no difference of opinion amongst us on that point. But, Mr. Speaker, this happens to be an important question of government policy, and perhaps even a lack of experience in the practical aspects of the coal industry may not disqualify me from saying something about it, especially in view of what has been said by my hon. friend who just took his seat and who, I must add, ended his speech on a much more realistic note than that on which he began.

I had hoped and I think all hon. members on this side of the house had hoped—and indeed the hope has already been expressed—that the minister more particularly concerned with government policy in this matter, the Minister of Mines and Technical Surveys (Mr. Comtois) would have given the house all the advantage of his knowledge of the problem, and would perhaps let us know some of the ideas the government has about the problem when these temporary measures which have been mentioned have ended. However, he has not as yet taken part in the debate, though perhaps he is just waiting for me to sit down so he can make his contribution.

I can readily understand the desire of the government to enter the Minister of National Revenue in the debate, not only because he comes from Nova Scotia, which is a good reason for his doing so, but also because he was able to throw a smokescreen of irony and intelligence around some of the facts of the issue. He did it, as I admit he nearly always does, with a certain amount of debating skill; but one fact glaringly remains, that he did not deal with the questions that were raised in this debate by my friend the hon. member for Gloucester (Mr. Robichaud), who moved the amendment, and by my friend the hon. member for Bonavista-Twillingate (Mr. Pickersgill) who seconded it. The hon. gentleman dealt with a lot of other things but he did not deal with those questions.

I regret, too, that in his lively remarks the Minister of Northern Affairs and National Resources did not deal with those questions either. That hon. gentleman gave an interesting interpretation of the paternity—or the grand paternity, if you like—of the Canadian vision. The Prime Minister may be the father, but I am sure the house and the country were surprised to learn yesterday that that eminent Liberal father of confederation, George Brown, was its grandfather. I am sure, as the hon. member for Bonavista-Twillingate said last evening, that news will be of particular interest to my hon. friends from Quebec, who must be aware of George Brown's interest in the establishment in this country in 1867 of a legislative rather than a federal union.

Not only did we learn some interesting history in the course of this debate but we were also treated once again, as we have been treated so often in this house, to a contradiction between words uttered last February and March and a year ago in May and June, and words uttered in this house after the election had taken place. Surely it should be unnecessary to repeat the specific and concrete assurances made by so many members of the government in the last election campaign and the one before that in respect of one particular aspect of this question which is mentioned specifically in the amendment, namely the use of coal from Nova Scotia in thermal power stations.

One thing the Minister of National Revenue accomplished this afternoon, in my opinion, was to add another contradiction to the series of contradictions in governmental statements on this matter; because, as I hope to show a little later, it is not going to be easy for him, as I understand what he said, to reconcile his remarks this afternoon with what the Minister of Northern Affairs and National Resources said yesterday in regard to this matter.

The Minister of National Revenue said a few moments ago—I shall repeat this because I do not want to misquote him, and he will tell me if I am wrong—that the government has accepted a specific commitment which will ensure that Nova Scotia coal will be used in thermal power stations in the maritime provinces. That is, I take it, a commitment which he has now given the house and the country.

Mr. Nowlan: Perhaps the hon. member would permit me to clarify his statement by adding that I referred to thermal power stations receiving government support.

Mr. Pearson: Those stations receiving government support and subventions on coal.

[Mr. Pearson.]

Mr. Nowlan: I would also substitute maritime coal for Nova Scotia coal because there may be New Brunswick coal involved.

Mr. Pearson: Very well, maritime coal rather than Nova Scotia coal. That is the statement that has now been put on the record by the Minister of National Revenue, which makes it necessary for me to relate that statement to what the Minister of Northern Affairs and National Resources said last night in regard to the particular policy of ensuring that maritime coal should be used in thermal power plants.

Some hon. Members: Six o'clock.

Mr. Speaker: May I suggest that the hon. member leave the development of that point until after the adjournment. It being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Pearson: Mr. Speaker, when we reached six o'clock I was attempting to deal with the remarks which have been made on the amendment before the house by the Minister of National Revenue (Mr. Nowlan) and had suggested that those remarks would be found, in some respects at least, to be quite inconsistent with what was said by his colleague, the Minister of Northern Affairs and National Resources (Mr. Hamilton) last evening. Before I proceed to point out that inconsistency I had better put on the record very briefly, because there is not much time available, Liberal policy in respect of the particular question which is dealt with in the amendment.

As hon. members must know, Liberal policy was to apply subventions to make coal competitive with oil in thermal power plants in the Atlantic provinces, which we thought and still think was the best way, not only to help the coal industry but to bring about the cheapest possible production of power in those areas where cheap power is certainly needed. Indeed, it was our intention to assist in the production of power so that it could be distributed at cost.

This afternoon, Mr. Speaker, I must say I was very interested indeed in one remark made by the Minister of National Revenue on this particular point of distributing products at cost of production. I took down what the minister said and I am sure it will be of very great interest to his colleague the Minister of Finance (Mr. Fleming) when the time comes for him to explain to the

house what he means by the proposed amendment to the dumping duty legislation which would establish cost of production as the basis on which dumping duty should apply. I say that because this afternoon the Minister of National Revenue, speaking on a different matter but applying himself to the principle of cost production, had this to say: "What is cost of production? It might be anything".

That is a very useful observation to have on the record in regard to the deficiencies of and the difficulty of determining cost of production as a basis on which duty might be levelled.

Mr. Fulton: That is why—

Mr. Pearson: Did my hon. friend have something to say?

Mr. Fulton: I was just rather amused. That is all.

Mr. Pearson: Mr. Speaker, our coal policy as enunciated during the last election campaign included four points, and perhaps it might be interesting if I put them on the record because one of the things we desire to do as the session progresses is to put on the record all the policies we put forward during the election campaign as this will be an indication to parliament and to the people that we stand by those policies and those promises.

This is what we had to say about coal. Our coal policy would include: (1) An intensive and comprehensive program of scientific and industrial research to find more uses for coal and help bring about expanded employment; (2) further measures to encourage greater production and marketing, including more flexible uses of subventions to move coal to markets within and without the maritimes area; (3) increase the scope of federal agencies such as the dominion coal board so that they would consider the social and human problems of the mining towns. No longer would they be restricted to considering economic matters alone but their policy would take the social and human affairs of the community under consideration as well. (4) A specific and immediate plan of co-operation with the provincial governments to promote industrial enterprises to diversify the economy and increase employment opportunities.

In contrast with that specific and definite statement of policy, Mr. Speaker, we are in more doubt now, I think, than we were before the Minister of National Revenue spoke as to what the policy of the government is in respect of this important matter. I think it is unnecessary for me at this time to repeat the assurances which were made and which were put on *Hansard* yesterday, assurances made during the last election campaign in very concrete and specific terms by the Secretary of State for External Affairs (Mr. Smith), the Minister of Labour (Mr. Starr), the Minister of Transport (Mr. Hees) and the Prime Minister (Mr. Diefenbaker) that the burning of coal in thermal power plants in the Atlantic provinces which received help from the government was a condition precedent to federal assistance.

The record in that regard was made quite clear by those on this side who spoke in the debate yesterday and I do not intend to repeat what they said. But because it is at the very core of our amendment it is important to reiterate what the premier of Nova Scotia said in the house of assembly of that province on March 4 when he assured the province of Nova Scotia that the Prime Minister of Canada had given him the assurance that the use of coal was a condition precedent to federal assistance and that such a condition—this is the important part in view of what my hon. friend said this afternoon—was covered by the master agreement. I am going to read the exchange on this point between the premier and the leader of the Liberal party in Nova Scotia as taken from the records of the Nova Scotia house of assembly. I am quoting from *Hansard* of yesterday because it was put on the record then but it bears repetition in view of what was said this afternoon. The premier said:

> Well, Mr. Speaker, I can only repeat what I have just told my hon. friend through you, sir, that the instructions that I have received from the Prime Minister—

That is the Prime Minister of Canada.

> —are just the burning of maritime coal is to be a condition precedent to federal assistance under the agreement.

The language may seem a little awkward but it is quite clear that just the burning of maritime coal is to be a condition precedent to federal assistance under the agreement. Then Mr. Hicks intervened:

> Including the Saint John one?
>
> The Premier: Mr. Speaker, I don't know how—what my hon. friend wants. I said that I had been instructed by the Prime Minister that the burning of coal is a condition precedent to federal assistance in the construction of any thermal power station under this agreement.
>
> Mr. Fielding: Under the master agreement?
>
> The Premier: Under the master agreement.

Nothing could be clearer than those words. The intention of those words is perfectly clear, that not only was the federal government to carry out the commitment which my hon. friend mentioned this afternoon that coal would be used in thermal power plants receiving help from the federal government but that commitment would be

included in the master agreement as a condition precedent to the granting of such help.

The speech of the Minister of Northern Affairs and National Resources last evening, which I did not have the pleasure of hearing but which I have had the equal pleasure of reading in *Hansard* today, was in startling contrast to that specific commitment and to the commitments made by his colleagues in the election campaign. I am not sure how the Minister of National Revenue is going to reconcile his commitment this afternoon with what his colleague said last night because I gather from *Hansard* that the Minister of Northern Affairs and National Resources was almost indignant last night at the hon. member for Gloucester (Mr. Robichaud) insisting on the use of coal in these power plants. This is what he had to say as found at page 1758 of *Hansard*:

> The suggestion that because this government did not put a clause in this general agreement insisting on the use of coal in every thermal plant in these four provinces is a suggestion that we should do something which is absolutely against the interests of the coal industries of Nova Scotia and New Brunswick. I want to make it very clear that the policy the hon. member advocates—

That policy was making the use of coal compulsory in these plants.

> —would, in fact, destroy the future of this coal industry in Nova Scotia and New Brunswick.

Then, again he said, having mentioned all these things, why then do I make this statement that to achieve what the hon. member for Gloucester has advocated means the destruction of the coal industry in the future? He answered his own question by saying that to insist on a general agreement—and this is what the Prime Minister said would happen during the election campaign—that only coal should be used would be suicidal and completely destructive of the long-range future of the coal industry in that area.

Again, I call the attention of the house to what the Minister of National Revenue said about that this afternoon. I remind the house also of what the Minister of Northern Affairs and National Resources said on this subject on May 21 in answer to a question by the hon. member for Gloucester, and this appears at page 313 of *Hansard* for that date:

> Mr. Robichaud: I have a supplementary question, Mr. Speaker. Can the minister now inform the house whether such agreements insisted that coal be used to generate power instead of oil?
>
> Mr. Hamilton (Qu'Appelle): To my knowledge there is no such term insisting that coal be used. In fact in one part of the working out of this agreement I understand it is fully understood between the two governments that on certain occasions oil will be used in one of the plants.

I suggest, therefore, Mr. Speaker, notwithstanding what was said this afternoon, that the words of the minister of northern affairs serve only to strengthen the basis of our amendment asking the house to express its regret that the specific undertaking of the government on this matter has been broken. I can understand, and I think this has already been referred to in this debate, the feeling of the writer of the editorial in the Halifax *Chronicle Herald* of May 23 when he had this to say in referring to this withdrawal from the specific commitment.

> Something happens to public confidence in governmental institutions when ministers lead citizens to believe one policy will be adopted and then to undertake, without satisfactory explanation, a different course.

Mr. Speaker, irrespective of the conflicting evidence of government spokesmen on this matter, irrespective of the fact that they have withdrawn from earlier commitments on this matter which are in specific terms, what are the implications of the situation? It is true that the government, through the Prime Minister, made a statement last Friday which will be helpful to the industry in this emergency, so far as it goes. But it is true also that these shut-downs mean economic loss to the province of Nova Scotia, and no one can take any satisfaction out of that. They mean also a planned reduction in coal production of 300,000 tons. They mean real hardship to the coal miners and their families. This afternoon the Minister of National Revenue paid a very eloquent, very moving and very deserved tribute to those coal miners and to other persons associated with the coal industry in Nova Scotia. I think we can all associate ourselves with that tribute.

He talked about the efforts they had made over recent years to increase the production of coal, and the success which had attended those efforts. But I would remind him, if he needs reminding and I do not think he does, that he did not make reference to the fact that increased production was largely the result of the mechanization changes which have been made in the coal industry.

Mr. Nowlan: In part.

Mr. Pearson: All right, in part; in large part.

Mr. Nowlan: In large part.

Mr. Pearson: According to the president of Dosco this mechanization was due to the fact that the Liberal government of those days, on which my hon. friends like to pour contempt on every possible opportunity, made available for that mechanization about $7.5 million by way of loans.

Mr. Nowlan: We have an application for a bigger loan before us right now.

Mr. Pearson: As the president of Dosco himself has said, without that financial assistance by the federal government this increased production would not have been possible.

What we are asking in this amendment is that the house express its regret that this present situation has not been prevented. We find some difficulty in understanding why any member of this house, especially a representative from a coal mining area, could vote against an amendment in those terms.

It is a little difficult to understand what some of the members who spoke in this debate last night had on their minds. Their speeches were a combination of attack on the previous government, and that is an easy gambit in debate, coupled with rather extravagant praise for the present government.

Mr. Fulton: And that is an easy one to do too.

Mr. Pearson: It is very easy for my hon. friend, I know. I would have thought, Mr. Speaker, that those speeches last night on which my hon. friend this afternoon poured such praise and no doubt from his point of view that praise was entirely justified, might have contained at least a note of urgency, a call to the government for action, a call that might have been made by independently minded members of the house, and some warning of the danger ahead. It was surprising that none of the members who spoke last night seemed to take that line.

We have at present a planned curtailment, and the minister admitted it this afternoon, of coal production to the amount of 300,000 tons. Most, if not all, of what we got last night from the Conservative members who spoke was praise for the Minister of National Revenue, and a great deal of what we got this afternoon from the Minister of National Revenue was praise for the members who spoke last night. They have constituted themselves into a provincial mutual admiration society.

Mr. Hamilton (Notre Dame de Grace): That is more than you can say for your side.

Mr. Pearson: I would be the last person to try to interfere with that process—

An hon. Member: Sit down, then.

Mr. Pearson: —of mutual admiration, especially before the process of disillusionment begins.

Mr. Nowlan: I trust that mine was as deserved as that of the other members.

Mr. Pearson: I listened to the minister's remarks this afternoon with great interest and some pleasure. However, none of the government members who have spoken—and I said this before six o'clock—have addressed themselves to the measures which were announced by the Prime Minister on Friday or to the questions which we on this side have asked during the course of this debate. On the Prime Minister's own admission, the stockpile of coal at the end of this year will be 750,000 tons in excess of the normal carryover. The normal carryover, I am informed by people who know more about the details of this industry than I do, is about 650,000 tons. At the end of this year, then, the stockpile on that basis will still have 1,300,000 tons of coal. This afternoon the minister got a great deal of comfort from the fact that there were 4 million tons on the order books of the company.

Mr. Nowlan: Over 4 million.

Mr. Pearson: Over 4 million, then, but I do not know how he can get very much comfort out of that fact when the surplus stockpile at the end of the year will be 1,300,000 tons above the normal requirements. Surely there is a possibility of real danger in that situation. Surely some member of the government, perhaps the Minister of Mines and Technical Surveys (Mr. Comtois), who is not in his seat at the moment, will even at this late hour in the debate tell us what is going to be done at the end of this year. Does the assistance which has been provided apply only to the remainder of this year? These are questions which have been asked, but I repeat them. What commitments, if any, has the company made in return for this assistance? Have they guaranteed no shut-downs, no colliery closures in 1959?

It was a little bit surprising to hear the minister say this afternoon that this request for assistance and the development of this emergency occurred so suddenly that the members of the government knew nothing about it until the approach was made just a few weeks ago. But in that approach did the coal company make any promise not to close the Florence colliery in Cape Breton, the Acadia Coal Company in Pictou and No. 2 mine at Springhill? I cannot answer that question but I venture to say—my hon. friend will correct me if I am wrong; maybe I shall tempt him into intervening on this point—that the government has received no promise from the company that it will keep these mines in continued operation. We therefore wish to remind the government and the house once again that no shut-down of this magnitude involving 9,000 miners and all the collieries of the Dominion Coal Company can be treated as anything but an extremely serious development indeed; and it is something that never occurred under any

Liberal government in the post-war period. If this is a matter of comparing Liberal neglect with Tory progress I think the 5,000 men in Cape Breton lining up today in front of the unemployment insurance office for benefits will prefer Liberal neglect.

In conclusion, Mr. Speaker, I am just going to make clear once again what this amendment is and what it does. It asks the house to express its regret that the government has repudiated, with respect to the use of coal in thermal power plants, promises which it made in specific terms and which it has not attempted in this debate to explain away. We also ask the house to express regret that it has failed to avoid the shut-down in the coal mines of Nova Scotia. Once again I find it difficult to understand how any member of this house, especially any independently minded member from Nova Scotia, can vote against an amendment of that kind. We on this side of the house have a duty to bring this matter, which is a serious one economically and in human terms of unemployment, to the attention of the house; and in this amendment we think we have discharged that duty.

The house divided on the amendment (Mr. Robichaud) which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Benidickson
Boulanger
Bourque
Cardin
Caron
Carter
Chevrier
Denis
Deschatelets
Dumas
Eudes
Forgie
Godin
Gour
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Michaud
Mitchell
Nixon
Pearson
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—42.

NAYS

Messrs:

Aiken
Allard
Allmark
Anderson
Asselin
Baldwin
Barrington
Beech
Bell (Carleton)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cardiff
Chambers
Charlton
Churchill
Clancy
Coates
Comtois
Courtemanche
Danforth
Deschambault
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Fulton
Gillet
Grafftey
Green
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Jasper-Edson)
Johnson
Keays
Kennedy
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Lockyer
Macdonnell
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Cetre)
MacLellan
Macquarrie
McCleave
McDonald (Hamilton South)
McGee
McGrath
McGregor
McPhillips
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
More
Morissette
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
O'Hurley
O'Leary
Ormiston
Parizeau
Pascoe
Paul
Payne
Pigeon
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Skoreyko
Small
Smallwood
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stinson
Thomas
Tremblay
Valade
Van Horne
Weichel
White
Winkler
Wratten—137.

FINANCE—NEED OF LONG TERM CREDIT FOR SMALL BUSINESS

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, under standing orders only one amendment is permitted to a supply motion, so it is not possible for our group to move an amendment on this occasion with regard to a problem or a grievance, and unfortunately it is not possible to tie in a subamendment which would be permissible under standing orders along with the amendment moved by the official opposition. However, as there is now a matter of an hour

and a quarter left before time runs out on this supply motion, we are afforded this opportunity of presenting a grievance which our group thinks is an important one and should be drawn to the attention of the house at this time.

In the 25 years that I have had the honour of being an elected member either of federal or provincial parliaments I believe I have earned the reputation of being an extemporaneous speaker. In 25 years I have never used comprehensive notes. However, Mr. Speaker, with your permission, and with the forbearance of hon. members, I intend to do so this evening in order to try to put forward every aspect of an important grievance.

What we have in mind is a problem which afflicts very seriously an important sector of the Canadian economy, namely the small business group. May I first of all emphasize that we in the C.C.F. have always recognized the indispensable role which small business plays in the Canadian economy. I know I am safe in saying that without our service industries, without our retail and other distributed outlets, without our small production industries, our communities in Canada would find it almost impossible to produce and to distribute effectively the nation's commercial and industrial products. I am certain all hon. members will agree that our service industries, which, of necessity, include many small businesses, are, have been, and will be an integral part of our complex economic organization.

Our group has given a great deal of thought over many weeks and months to the position of small business in Canada, and we fail to understand, in view of the importance of small business and small industries to our economy, why there has as yet been no development policy brought forward, no adequate program which would meet the particular difficulty of small business and small industries, namely the problem of long term financing. I feel quite certain that many members of this house know that a great many small businesses in Canada have long been confronted with the difficulty of raising long term credit in order to finance their capital requirements, and it is on this particular phase of small business that we desire to speak at this time.

I think all hon. members will agree that if a small business is properly managed then it has access to the chartered banks but as a general rule small business can only obtain a short term loan from a chartered bank. That is understandable because it has been the traditional practice with only one or two special exceptions for the chartered banks to limit their lending to short term credit. Small and medium-sized businesses are dependent upon banks for short term credit and as a general rule these loans do not extend over a year. Indeed, in the majority of cases the loans are repaid inside of a year. On the other hand long term lending has generally been shunned by the banks in our country and that too is understandable because it is based on the nature of our banking system which is deposit banking. Since deposits in banks are withdrawable either on demand or on very short notice the banking institutions of this country have understandably maintained the policy of keeping their assets comparatively liquid. I think it is because of that need that they have not in the past extended long term loans to small business and to small industry. However, there is a great need for such loans to be extended to small business and industry.

I am certain that hon. members will remember that there were some bankers who were opposed to the National Housing Act of 1954 which allowed the banks to enter the long-term mortgage field. Experience since 1954, however, has clearly demonstrated that banks can allocate a certain amount of their bank credit in the form of long term mortgage loans without impairing to any appreciable degree what is termed the liquidity of the position of the banks. The logical course for a large firm that wants a long-term loan is to raise money either by floating a stock issue or, if it wants to raise non-equity capital, by selling a bond or debenture issue, but this is not possible for small industry or small business.

All hon. members, I am sure, will accept as axiomatic that a small firm or industry would have little hope of being able to raise the necessary capital funds by going to an investment house, a brokerage firm or an insurance company in an effort to raise money through the issuance of debentures. The position of the banks in the past, as I have said, is definitely understandable but I think we must also recognize that small industry and small business are on the horns of a dilemma. They cannot obtain long term loans from the banks and neither can they go through the medium available to large business to raise required capital.

If hon. members will only think back a little I feel certain they will remember that a gap in the financial structure of this country was filled in 1944 by the establishment of the industrial development bank. The primary purpose of this public corporation was to supply long term capital to small and medium-sized businesses which, for the reasons I have already mentioned, could not

obtain such capital from the private financial institutions. The bank was empowered to lend money or guarantee loans made by private credit institutions or even to acquire common stock, bonds or debentures from the issuing corporation with which it had entered into an underwriting agreement. While the industrial development bank has helped to fill the gap its operations have been limited, as its name implies, to assisting industrial enterprises. Not even the changes in the act made in 1956 which somewhat broadened the field of eligible businesses have substantially changed the situation. Consequently there are still many small businesses which do not qualify under the lending terms of this bank. We feel that some action must be taken to assist small industry and business.

Several important questions come to mind when we consider a plan or policy to meet this situation but we in this group remind hon. members first of all of the principles underlying the industrial development bank and also of the changes that were made only a short time ago in the National Housing Act to permit for the first time the chartered banks of Canada to enter the long term lending mortgage field. I believe I am correct in saying that the banks have in no way retreated from their position of liquidity because of their entering this field. Presumably guarantees could be extended to the chartered banking system in the field of loans to qualifying small industry and business if the government would only set its mind to tackling this most important problem.

We say that experience in Canada has definitely proved that bank credit if used wisely can be employed up to a point in financing long term requirements. Because of the experience of the industrial development bank, the chartered banks and the wonderful facilities offered by the chartered banks with all their branches throughout Canada, we suggest to the house and the government a plan to aid small industry and small business to obtain the required capital on a reasonable long term basis.

Mr. Pallett: Did you read the speech from the throne?

Mr. Winch: Our group recommends to the consideration of the house a five point program which I should like to enumerate at this time. We suggest the following program:

1. Broaden the class of loans under the industrial development bank to include a broad coverage of non-industrial enterprises such as the service industries, distributive trades, etc.

2. Increase the capitalization of the industrial development bank to accommodate increased lending, investing and guaranteeing of loans.

3. Amend the Bank Act to allow chartered banks to lend money or make advances to qualifying small business upon the security, mortgage or hypothecation of real or immovable property. May I say that this would be in addition to the special exceptions which have already been made in this respect under the National Housing Act, 1954, and the Farm Improvement Loans Act.

4. Guarantee term loans by chartered banks to small business against losses up to 10 per cent of the total amount of such loans made by any bank. May I add there that the figure of 10 per cent was chosen by our group because the same percentage is operative under similar guarantees, for example, with respect to farm improvement loans.

5. Enable chartered banks to sell mortgages securing such term loans to the industrial development bank in the same way in which the banks are enabled to sell housing mortgages to Central Mortgage and Housing Corporation. Furthermore, ensure that banks can receive advances from the Bank of Canada using such mortgages as eligible security in the same way in which they can receive advances from the Bank of Canada using housing mortgages as security.

We in this group, Mr. Speaker, feel that not only is such a plan necessary in Canada at this time but that it is feasible, practical and will assist small business and industry. It will protect the banks making the loans because it puts them in the same position as they are at the present time with respect to long term advances for housing or farm loans. We propose this program with the object of opening up a new avenue by which the chartered banks, working in close-cooperation with a revised industrial development bank, could grant capital assistance in the form of term loans to qualifying small businesses. To some it may seem a novel approach but it is no more novel than the legislation passed by the house in 1954 which allowed the banks, for the first time in their history, to go into the mortgage lending field under the National Housing Act. In order to guarantee what is termed the liquidity of the banks and thus maintain the complete integrity of deposit banking the necessary safeguards have been provided in the five points I have outlined on behalf of this group.

We believe that the program we are proposing at this time will fill a gap in the financial structure of the country, a gap

which has long handicapped small business. We hope that it will receive the most serious consideration by members of the house and the most serious consideration of the government which would have to bring in the required legislation.

Mr. Ormiston: Would the hon. member permit a question?

Mr. Winch: Yes, certainly.

Mr. Ormiston: I wonder whether the hon. member for Vancouver East (Mr. Winch) considers that government sponsored co-operatives compete with small business. What is his reaction to that policy?

Mr. Winch: Co-operatives only operate in Canada under laws of the federal and provincial parliaments. We are asking that small business be given the same assistance as any other business.

Mr. Pallett: You would do away with them if you had the chance.

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, I am delighted to have the opportunity to say a few words in connection with small business. I find, after listening to the hon. member who has just taken his seat, that he has enunciated more or less what has been Conservative policy over the years. But it is not C.C.F. policy.

An hon. Member: Bring down a bill.

Mr. Fulton: He has only just read the speech from the throne.

Mr. Van Horne: I suppose also that the remarks I am going to make tonight may again be the subject of vindictiveness on the part of the hon. twitching, squirming, jumping, jack-in-the-box from Twillingate. Instead of cluttering up the debates and highjacking—

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. I think it is well recognized in this house, and I am sure the hon. member will agree, that reflections on any hon. member of a character that touch his person in that way are certainly not within the traditions of the house. I would ask the hon. member if he does not think he has gone away beyond the bounds of fair comment in that kind of observation.

Mr. Habel: He took a whole month to think that up.

Mr. Speaker: Order. On the point of order may I say that while any one of the epithets alone might have passed unnoticed I think that the combination of them is more than the house is likely to appreciate.

Mr. Van Horne: I am very pleased to withdraw those terms, twitching, squirming and jumping. Instead of cluttering up the debates of this house, the hon. member for Bonavista-Twillingate (Mr. Pickersgill) would have probably been well advised to stay back on the squid jigging grounds, where he might have been of some help bailing out some fisherman's boat.

Mr. Habel: Is this your grievance?

Mr. Van Horne: No, that is not my grievance. Perhaps I should also say that while I appreciate the invitation from some member of the C.C.F. to join his party I can tell them quite frankly that if there is one outfit I would not go near with a 14-foot barge pole, it is the C.C.F. I would much rather be an impatient Tory. My politics are for free enterprise and the help of governments, instead of regimentation by governments. I believe in private ownership, and this does not apply only to the C.B.C. I feel it is wrong for governments, such as the government of Saskatchewan, to compete with private enterprise, and I am not just thinking of Trans-Canada Air Lines. Governments are set up to assist and encourage private enterprise, and not compete with it, nor hamstring it by bureaucracy or fetter it by too much legislation. Today business spends a big percentage of its time in collecting money for governments at all levels. I feel we must regain that pioneer spirit which possessed our forefathers when they landed on these shores, and go forward and marshall the wealth and the resources of this country, thereby creating jobs, payrolls, security and opportunities for work. Free enterprise, aided by a sympathetic and non-competing government, can do this. The C.C.F. just does not fit into the picture of a greater Canada, so I suggest they join us.

Mr. Speaker: I remind the hon. member that the grievance, as I understood it, related to government guaranteed long term loans to small business. If the hon. gentleman does not want to talk on that subject, there is another hon. member who does. I suggest he address himself to that problem.

Mr. Van Horne: One of the great problems that exists in my riding affects small business in a singular way. While I may be restricted tonight to speaking only about capital assistance, I may say this: No government in the history of this country has taken seriously, nor has given the consideration to small business which it deserves. The industrial development bank, in so far as it affects a certain group of businesses connected with manufacturing or processing, does serve a useful purpose in a very restricted field. The regulations that govern loans make it very difficult for many businesses

that need loans to get them. Today the No. 1 problem with small business is certainly capital, yet our economic setup is so arranged as to provide financial capital for the larger corporations. There is no similar setup whereby a small business can become capitalized easily and effectively.

This problem is not peculiar to Canada alone; it applies equally to other countries with which we are familiar. I believe the reconstruction plan introduced into the United States by the late President Roosevelt in the early thirties did to some extent correspond with the subject matter which my hon. friend just mentioned. I can recall reading reports of that reconstruction corporation in which it was stated that a man was given a loan of $2,000 in order to establish some sort of a stamp collecting business. Under that setup the loans were not confined to processing or manufacturing companies, as are the loans granted by the industrial development bank. In that singular respect, the industrial development bank does not respond to or meet the requirements of small business.

Another thing that probably strikes anyone who sees the difficulties under which small business operates is the lack of assistance in regard to markets. Last fall I happened to be in Paris, and this fact will probably answer to some extent the remarks made by the hon. member for Gloucester (Mr. Robichaud) the other day when he twisted some remarks I made earlier. In my riding, as you know, we live by pulpwood. My riding has three pulpmills and two Canadian National Railways stations. Our whole economy is based on sticks of pulpwood. When we cannot sell paper or pulp we have conditions such as exist today where some 6,000 people are out of work, very many of whom are without enough stamps to entitle them to unemployment insurance benefits.

This is a most unfortunate situation. Someone may say that this is not a small business because I am talking about three pulpmills. I agree that three pulpmills do not constitute small business, but the hundreds of contractors who cut pulpwood or have pulpwood cut by the cord are operating small businesses. Possibly I can tell you why some of their difficulties exist, and perhaps I could make one or two suggestions to help overcome them.

While in Paris last fall at the NATO conference I took advantage of the opportunity to interview two of the largest pulpwood buyers in France. One was a Mr. Chassaigne, of the Compagnie d'Importation de Bois et Pate a Papier. I asked him how much pulpwood he generally bought and he said that up until recently he had been buying 300,000 cords a year, many of which came from Canada. I would say that 300,000 cords of pulpwood is a lot of wood. I asked him where he was buying this wood now, and he said from Russia and Sweden. I asked him why. He said, in the first place we have nothing against your pulpwood; the quality may not be quite as good as the quality of the wood we get from Russia and Sweden, but the wood coming from Russia arrives on the delivery dates." In addition, he said that the present tight money policy—

Mr. Speaker: The hon. member's memory seems to be very short. I gave him the floor in preference to another member who wanted to speak on this subject. I think, in fairness, he should pursue the grievance that is before the house because we have only a limited time to deal with this matter.

Mr. Van Horne: Perhaps I am doing so indirectly, but I am coming to the problem of money in connection with the sale of this product. However, I will agree to alter the trend of my thoughts. The point is that these foreign buyers simply do not have the money or cannot get the money with which to purchase lumber or pulpwood or many other things from Canada because of the currency policies.

Possibly one of the things that prompts me to agree heartily with most of the recommendations made by the hon. member who has just taken his seat, although the points he made seemed to be inconsistent with the policies of his party as I have come to know them over the years, is the fact that if small business in Canada today is faced with the problem of continued growth and the lack of capital to pursue it certainly the responsibility is not only on the federal government but also on the provincial governments.

In my own province the provincial government has established, and this only recently, an industrial loan board. I may say that here again the problem is far from being solved because of the scope of the loans that are made. They do not satisfy the requirements of small business. Of course, one of the big problems in providing capital for small industries is that you are dealing not only with real property and physical assets but you are dealing with the potential of sales; you are dealing with the stockpiling of materials and inventories and so on. If loans could be made up to 90 per cent of the value of the physical property owned by the small business, then I would say that a real start had been made and real help would have been given to small businesses.

Mr. Frank Howard (Skeena): Mr. Speaker, my remarks are complementary to those of

the hon. member for Vancouver East (Mr. Winch) who raised this matter, and I am sure that practically all hon. members are pleased that he did so. Particularly pleased, I would imagine, are those countless small business concerns throughout the country which would be affected and assisted by such a proposal.

After listening to the hon. member who just sat down I might say that I appreciated greatly finally being able to listen in this house to someone who is a true Tory. Up until now I thought they did not exist. I would suggest that he study a little longer and in a little bit greater detail the approach of the C.C.F. party and that, contrary to what he believes, he will find that these ideas are not in one way inconsistent with the general attitude that we have.

I should like to mention a few figures and statistics in order to point out the necessity of instituting such a program as that proposed by my colleague the hon. member for Vancouver East. This statistical information comes from the dominion bureau of statistics publication on commercial failures under the Bankruptcy and Winding-Up Acts. With reference to the number of business failures or insolvencies over the past few years we find there has been a gradual increase in the number. To compare last year with the year before, according to the statistics we find that there was an increase of some 12 per cent in the number of failures and an increase numerically from 1,967 to 2,198. I might add that of those 2,198 insolvencies last year, 1,320 of them involved wage earners and lost wages where people did not get their wages because the company had gone bankrupt. The others that did not involve loss of wages were wholly-owned or family-owned businesses. The amount of total liabilities over 1956 also increased by some 9 per cent.

But the most interesting point in the application of these statistics to the proposal made by my colleague the hon. member for Vancouver East is the average amount of liabilities incurred by the businesses which went insolvent. Last year the average amount was $31,900, which was certainly not a large amount of money compared with the indebtedness and liabilities that might be incurred if some of our multi-million dollar corporations in Canada went bankrupt. I might point out that 57 per cent of the entire number of insolvencies were ones having liabilities in the bracket between $5,000 and $25,000 while over 86 per cent were ones having liabilities of less than $50,000. This is in the field of being a small business in terms of liabilities and in terms of money.

If we had legislation that would allow businesses as those to which I have just referred the opportunity of participating in the financial field in the same way as can larger corporations, undoubtedly many of these bankruptcies would not have taken place and many of the wage earners who were affected by the insolvencies would not have been affected, would probably still be employed, would still be drawing their wages, would still be spending that money and contributing to the general economic welfare of the Canadian society.

While there are many more, some of the particular types of small business which are referred to in this statistical information are filling stations, clothing stores, furniture stores, radio and appliance shops, food stores, general merchants, drug stores and the like which are similar to the small corner grocery store type business. All of them, as was pointed out by the hon. member for Vancouver East, have great difficulty in getting any financial assistance when they need it. All for the lack of a few dollars they find themselves in difficulties. I am sure many of these businesses could have been saved, could have been put on their feet, could have been contributing to the economy of Canada and could have been employing a few more of the wage earners of the country.

As everyone knows, in our so-called free enterprise system—which as many know is not a free enterprise system at all—these small businesses particularly have a most difficult time in competing against the huge monopoly corporations that we have. They are just not in the same class at all. A review of the various inquiries made under the Combines Investigation Act will show that a small concern attempting to buck a large group of chain stores or a large monopoly corporation or semi-monopoly corporation has a most difficult time in doing so and can easily be wiped out of business if the large concern so desires and puts its mind to it. In fact that has happened in the past on many occasions.

If there is any thought of attempting to advance the philosophy of free enterprise as it was originally evolved and not as we have it at the present time, then we must enter into some relationship like this in order to protect the smaller concerns—these people who are in effect no nearer being a capitalist than I am—the businesses which are in effect merely in the working class group but which try to participate in society and try to find a means of expressing themselves through the type of business that they develop or start. If there is any thought at all in the minds of those on the government benches opposite of establishing some protection for these small business people against the effect that monopoly enterprise has on them at the present time, here is an opportunity to move in that direction and to establish such legislation so

that small businesses can take their proper place in society without fear of being wiped out of existence because of the mercenary attitude of the large multimillion dollar corporations. As a result of this grievance having been raised—and I am sure in my own mind that opposition will not be found in any part of this house—I hope that it will be instrumental in leading the government a little bit further along the line of giving assistance and guidance to the people in Canada.

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, you have heard the hon. member for Vancouver East (Mr. Winch) say that he is a spontaneous speaker and that it is only on rare occasions that he needs notes. I am just the opposite on this point. I am not the competent and qualified debater that he is and on every occasion in this house to date on which I have spoken I have needed quite comprehensive notes. But because this matter has arisen in the house tonight and I have no notes with me except those which I have taken of his speech, you may rest assured that my remarks will be brief and direct.

The hon. member for Vancouver East tonight has raised a grievance which I am sure we all recognize is a true one. As far as Winnipeg North Centre and the city of Winnipeg are concerned, may I say that the problems and ills that befall small business are of great concern to all members from the city of Winnipeg.

However, I am just a little suspicious of the grievance brought forward tonight. Perhaps it is just a coincidence but it does seem that whenever there is a delegation from the Canadian Labour Congress in Ottawa there are great speeches from the group on my right made by them as "the friends of labour" and then whenever there are delegations from the farms in Ottawa we have speeches from those on my right to the effect that they are the great friends of the farmers. Now that we have speeches on small business I am just wondering if there is a delegation in Ottawa representing small business.

Be that as it may, I find myself in the position of agreeing with some of the remarks made by the hon. member for Vancouver East. In the course of his speech he spoke of the problems of small business; that there is no adequate provision for long term financing and so on, and so far as I am concerned I think he is absolutely right. At the present time only short term credits are available for small business. He has said there is little hope for small business to raise capital except through the banks and here again I think the hon. member is quite correct.

[Mr. Howard.]

He went on, however, to set out a five point platform on behalf of the C.C.F. group designed to broaden the class of loans under the industrial development bank, to increase the capitalization of the industrial development bank, to amend the Bank Act in order to allow them to make loans upon mortgages or hypothecations in addition to the provisions of the National Housing Act, to guarantee term loans made by banks to small businesses and to enable the chartered banks to sell mortgage securities.

I do not know when the hon. member for Vancouver East became a financial expert, and I certainly am not one. Perhaps this is the reason why he made such detailed notes for his speech. The hon. member and all the members of the C.C.F. group are quite well aware of the provisions in the throne speech which said that this government intended to set up a committee to study the problems of small business. Who are we as individuals or members of one group in this house to say what are these problems and what are the solutions to these problems? The hon. member for Vancouver East went into great detail about some of the problems of small businesses, of which I am well aware, and some of which apply to my own constituency, but our government has gone ahead and has made provision for the setting up of a committee to study these problems. There may be some merit in the suggestions made by the hon. member but all these things are going to be considered by the committee when it is set up by the government. The group on my right, as always, have perhaps gone off course—they are always so sure of themselves.

The C.C.F. group has brought forward a plan which they say will solve all the problems of small business and, as a matter of fact, they may have some solutions, but this plan does not provide a complete solution. The hon. member for Skeena (Mr. Howard) has submitted on behalf of the C.C.F. party an outline of their philosophy and I do not intend to get into a debate on this subject, although at some other time I will be glad to do so.

Mr. Howard: Any time.

Mr. MacLean (Winnipeg North Centre): Thank you, but I do not now intend to take up any further time in the house apart from making this observation. I recognize the problems of small business and my constituents know that I recognize those problems as they also know that this government recognizes them and that those problems will be dealt with accordingly.

Mr. G. J. McIlraith (Ottawa West): The subject matter raised by the hon. member

for Vancouver East (Mr. Winch) is most important. I wish we could have been given more notice so that we could have been better prepared for debate on this subject. There are, however, one or two things to which I would like to refer at this time.

I was particularly pleased to hear the hon. member refer to the industrial development bank legislation which was put on the statute books by the Liberal government. This was undoubtedly a far-sighted measure and has done a great deal to assist in the development of the economy of this country in the post-war years. The essence of his grievance, as I understood it, was that the provisions of the act should be extended to make it more readily available to small business. The other parts of his speech, so far as I could follow him, merely dealt with supplementary measures and providing ancilliary legislation for the furtherance of that objective.

In this connection I feel I should place on record the fact that the 1958 election program of the Liberal party envisioned that very thing, and when the hon. member for Skeena (Mr. Howard) was speaking he set out a list of the types of small businesses he had in mind. These could really be summed up by the words "retail businesses". I do not think, however, he intended to limit his remarks to retail businesses although nearly all of the types to which he made reference could be placed in that category. The program of the Liberal party, the literature of that party and the speeches delivered by Liberal candidates made a great deal of reference to this very point and it was a definite part of the program of my party that there would be easier credit for small business, including the extension of the Industrial Development Bank Act in order to make its benefits available to retailers.

The hon. member for Restigouche-Madawaska (Mr. Van Horne) made a speech, in which I must admit I do not very fully concur, which among other things dealt with the matter of export business. I could not help but recall as he was speaking that the export business of Canada has been materially helped to meet difficult conditions, mostly with respect to exchange restrictions in foreign countries, by the Export Credits Insurance Act. This again is Liberal legislation which has done a great deal to develop the economy of this country. While I do not suggest that the hon. member for Restigouche-Madawaska intended to acknowledge any indebtedness to the Liberal party for that splendid bit of legislation, yet I think, as I have said, it is a fact that this legislation has done much to advance the development of Canada in postwar years. Liberal legislation has contributed greatly to the development of our economy. I have made reference to these two acts in particular because they have really constituted the subject matter of the remarks of the hon. members who have spoken during the last few minutes.

There was another logical extension of aid to small business which arose out of the speech of the hon. member for Vancouver East, and that is the matter of corporation income tax. I would remind the house that the Liberal program in the last election campaign involved the proposition that there would be a reduction in the corporation income tax by cutting it in half, that is to say, by reducing it from 20 per cent to 10 per cent on the first $10,000 of corporation profits. This, I regret to say, will not come about because of the results of the election and, as I listened to the budget speech, I concluded that the very opposite will undoubtedly happen. I do not, however, want to branch off into the budget debate—

Mr. Pallett: That is another incorrect conclusion to which you have come.

Mr. McIlraith: I did not hear the interjection of the hon. member for Peel (Mr. Pallett) but if he will speak a little louder I will answer him.

Mr. Pallett: I merely remarked to the hon. member that he has come to another wrong conclusion.

Mr. McIlraith: The conclusion is quite obvious to anyone who deals with the matter of small business. Small business will be damaged by the budget delivered on June 17, 1958; in fact, the whole treatment of the economy will be conducive to damage rather than assistance.

Mr. Green: This is not the budget debate.

Mr. McIlraith: That is precisely the point. The leader of the house reminds the hon. member for Peel (Mr. Pallett) that this is not the budget debate. I was merely contenting myself with answering the hon. member for Peel. The point remains that all the statements of the hon. members who have taken part in this presentation of grievance tonight have been in effect a recognition of the appropriate and effective legislation which was passed by the Liberal government in aid of the development of small business. All they are really asking is a continuance and an extension of that legislation as was set forth by the Liberals in the 1958 election campaign.

Mr. Erhart Regier (Burnaby-Coquitlam): I am very pleased indeed to associate myself with the expression of the grievance raised

this evening by the hon. member for Vancouver East (Mr. Winch). I was interested in the remarks of the hon. member for Winnipeg North Centre (Mr. MacLean) with regard to the proposals made by my colleague from Vancouver East. Though expressing a great deal of appreciation and understanding of the problems of small business, he seemed to feel that the suggestions put forward by the hon. member for Vancouver East were possibly conceived in some haste. I should like at once to assure the hon. member that this problem of the small businessman has been considered at considerable length by the C.C.F. movement for a goodly number of years. We realize the seriousness of the problem and its far-reaching implications for the Canadian consumer, to an extent that we have had a continuing committee studying this matter for many years.

The hon. member seemed interested in knowing where the headquarters of small business are to be found in Canada. I know he comes from the city of Winnipeg. I have before me here a letterhead from, I assume, the secretariat of the retail merchants association of Canada, and I can tell the hon. member that the head office is in his city of Winnipeg. As for the idea proposed by the hon. member for Vancouver East being, in the main, so unique or novel, may I offer to the hon. member for Winnipeg North Centre a suggestion that it is nothing of the kind.

I should like to read this submission of the retail merchants association of Canada as made in a letter to me dated April 13, 1957. I think the hon. member for Winnipeg North Centre will then see a very close similarity to the proposals put forward by the hon. member for Vancouver East when he spoke on behalf of this group with regard to this grievance. The submission says, on page 2:

> This association has made the suggestion that a Retail Business Capital Loans Act be set up for the purpose of enabling retailers to borrow money for rehabilitation and expansion. We have suggested that the mechanics of such an act be similar to those of the Homes Improvement Loans Act, i.e., that the individual loans be made through the chartered banks, with a government guarantee.
>
> This could be done by authorizing the bank to advance 50 to 75 per cent of the cost of the proposed improvement or extension of buildings, equipment, parking facilities, etc. The loans would be repayable over a period of years. As we pointed out previously, such a plan would not introduce any new principle into Canadian finance. Similar assistance has already been extended to fishermen, farmers, manufacturers, home-owners and home repairs, food processors, etc.

So the idea has been given serious thought over a long period of years. With the assumption of office by this new government we had thought that some action would be forthcoming during this session. The Minister of Justice (Mr. Fulton) indicated, after the speech made by the hon. member for Vancouver East, that the hon. member had obviously not read the speech from the throne. I think the grievance remains a grievance despite anything I read in the speech from the throne. The speech from the throne is somewhat along the lines of the proposal made by the hon. member for Winnipeg North Centre in that it predicts that a committee or a branch of a department of government will be set up to study the problems of small business and to advise on measures necessary to meet them. We feel that the small businessmen of Canada were given an assurance that their problem had been considered and that the necessary action would be forthcoming. There is such a thing as chickens coming home to roost, and the various promises that have been made by the Conservative party are coming home to roost now with great and growing rapidity, and these chickens are rather blue. They are bluer than the Tory party, and they are coming thick and fast.

I was pleased to hear the hon. member for Restigouche-Madawaska (Mr. Van Horne) endorse the activities of the industrial development bank and, as the hon. member for Ottawa West (Mr. McIlraith) pointed out, it stands to the credit of the Liberal party that this bank was established and has been so influential in assisting individual enterprises in Canada.

The C.C.F. party has always in this house been a strong supporter of the industrial development bank, and in effect all we are asking now is that its powers be broadened so as to enable it to render a service to the small businessman.

Some argument has arisen in debating this grievance as to what constitutes a small business. My interpretation of a small business in need of government interest and concern is a business not necessarily of a certain size or volume with regard to its assets, but a business in which there is some relationship between ownership and management. It may be a business consisting of $5,000 or $10,000 of assets; it may go as high as half a million dollars depending on the type of enterprise. I think our society has lost something by divorcing management from ownership, and that those engaged in business have a little less chance to be responsible members of our society now that this separation of ownership and management is taking place.

The record of our group in speaking on behalf of the individual in Canada is very clear indeed. The very reason for our being

in existence as a political force is that we feel that with the way things are going at the present time the rights of the individual are disappearing day by day in our society. The tendency of big business to consolidate and amalgamate robs the individual engaged as an employee in enterprise of a large share of his individualism. Eventually he finds he has become a mere cog in a machine. His position is different from that of a civil servant who renders a service to society as a whole. That is different and distinct from the relationship of the individual working in a huge enterprise who does little more than punch a machine or go through a certain routine. This party has always supported genuine free enterprise. In fact, the birth of this political party came about through the growing power of monopolistic corporations and their influence on the individuals in our nation.

I am assuming that the present grievance is that this government is not taking action to help small business in Canada. This was demonstrated when the government did not express any sympathy for the idea of placing a limitation on interest rates. Huge department stores through their financing methods are able to squeeze the small businessman to the wall. This applies particularly in the appliance field where these huge corporations do not care how much net profit they make on the sale of an article because they make their net earnings on the finance charges they are allowed to levy. If the Tory party believes in competition to the extent it professes it might very well reconsider its position with regard to placing a limitation on finance charges. This would be a valuable way of giving assistance to the small enterpriser and the small merchant in Canada.

Another device that might be used would be to make more effective the anti-combines legislation of this country. The practices of combines tend to gobble up free enterprise in one field after another on the Canadian scene.

Another cause of the hardship of the small businessman is that he is not able to buy on the same terms as is the large business enterpriser. I feel that an amendment to the combines legislation might serve an extremely useful purpose so that when a small corner store orders one case of Lifebuoy soap the owner will not be charged a higher price than is charged a huge chain store for the same product. In view of the huge overhead paid by large businesses and especially by chain stores I am convinced that small merchants would be able to compete very successfully with them if they were able to buy at the same price levels.

Mr. Speakman: Would the hon. member permit a question? Has the hon. gentleman not heard about the chains of independent grocers whose buying power approximates that of the large chain stores?

An hon. Member: In Saskatchewan.

Mr. Regier: Yes, Mr. Speaker, I have heard of chains of independent merchants. When merchants co-operate for their mutual survival I believe that is as welcome a move as any other co-operative form of endeavour. However, I think the hon. member will agree with me that most private businessmen in Canada today do not have the advantage of such an association. Perhaps the hon. member will have a recommendation to make to that effect to the committee which I understand the government intends to set up.

We in this group are rather disappointed that the government apparently intends only to set up a branch or department of government which is going to study the problem and then advise as to possible measures that may be undertaken. Certainly in the light of the promises that have been made and the false hopes that have been built up this is little short of procrastination on the part of the government.

According to press reports concerning the visit of the Minister of Justice to the west coast some little while ago the minister while in western Canada placed a slightly different interpretation on the intentions of the government in this respect. According to a newspaper report, the minister explained that this proposed new branch or section of government would supply advice not on measures of legislation that might be implemented but would provide it to individual enterprises as to how they could more economically and efficiently operate their enterprises.

Mr. Fulton: I am afraid the hon. gentleman has misunderstood as usual.

Mr. Pearson: And you are speaking out of turn, as usual.

Mr. Regier: Perhaps the minister feels that the committee he will establish would be wiser than to adopt the recommendations of the retail merchants association. We in this group advocate the recommendations they have made after years of research. However, if he feels I am misconstruing the matter the hon. gentleman is free to make his own remarks in that regard.

Some hon. Members: Ten o'clock.

Mr. Regier: The party in power frequently likes to refer to the United States as the

heart of free enterprise. May I remind the government that even the government of that country has set up nothing less than a cabinet committee to advise on ways and means of assisting small business in the United States.

Some hon. Members: Question.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Agreed.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF DEFENCE PRODUCTION

78. Departmental administration and payments to Canadian commercial corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,232,086.

DEPARTMENT OF FISHERIES

130. Departmental administration, $371,750.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

193. Departmental Administration, $623,942.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow and Thursday?

Mr. Green: Tomorrow we plan to resume the budget debate and as it is the seventh day I believe that means a vote late in the afternoon. Then we shall conclude the budget debate on Thursday. I am not yet sure about the business for Friday but probably we will commence with the estimates of the Department of Public Works. Tomorrow on routine proceedings I plan to move that the estimates of the Department of Fisheries be referred to the standing committee on marine and fisheries and that the estimates of mines and technical surveys be referred to the standing committee on mines, forests and waters.

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

ANSWER TO QUESTION

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

GRANTS IN LIEU OF TAXES, ST. LAURENT, QUE.

Question No. 123—**Mr. Rouleau:**

1. Does the federal government make grants to the city of St. Laurent in lieu of taxes on the national film board office located within the limits of the said city?
2. If so, since what date has the government paid such grant and in what annual amount?
3. Does the federal government pay grants for other public buildings belonging to the federal government and located in the said city?
4. If so, how many such buildings are there and what is the annual amount paid in respect of each one?

Question

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

1. Yes.

2. Since January 1, 1956: 1956 grant, $23,075; 1957 grant, $128,807.

3. Yes.

4. Old post office building: 1956 grant, $346; 1957 grant, $664.

The city of St. Laurent also receives grants in lieu of taxes on portions of Dorval airport and Cartierville airport, including a few crown-owned residences, sheds and barns.

Dorval airport: 1956 grant, $1,253; 1957 grant, $4,671.

Cartierville airport: 1956 grant, $2,215; 1957 grant, $8,257.

HOUSE OF COMMONS

Wednesday, July 2, 1958

The house met at 2.30 p.m.

PRIVILEGE

MR. HOWARD—TRIBUTE TO CANADA BY ARGENTINE

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to raise a question of privilege which affects every member of this House of Commons and every member of the other place. Would you, Mr. Speaker, in conjunction with the honourable the Speaker of the other place, and on behalf of the houses of parliament of Canada, express in the warmest possible terms our sincere appreciation of the unprecedented courtesy and honour that the Argentine house of deputies paid to Canada by suspending its sitting yesterday in tribute to our 91st birthday?

MR. FISHER—REFERENCE TO ANSWER TO STARRED QUESTION

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I rise on a question of privilege. A week ago an answer was given to starred question 27, part 1, by the Minister of Transport. I have received sworn testimony from one of the persons involved in that question, and it indicates that the minister's reply was incorrect. I wanted to bring this matter to his attention. I will forward him the information so that, if this testimony should be true, he can make the proper correction.

ESTIMATES

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

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

Motion agreed to.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—STATEMENT ON STRIKE SITUATION

Hon. Michael Starr (Minister of Labour): Mr. Speaker, with the consent of the house I should like to make a brief statement on the British Columbia coastal shipping strike involving the Canadian Pacific Steamships operations. As hon. members are aware, this strike has now been going on for about six weeks. I have today received word from the commissioner of inquiry, Mr. Eric Taylor, who is still in Vancouver, to the effect that after further strenuous efforts over the week end and up to late last night, he feels there is nothing more that he can do to bring the parties together.

In view of this he has recommended that arrangements be made forthwith for the resumption of the operation of the ships of the company in the interests of the community, on the understanding that the disputes which arose out of failure of the parties to agree upon the amendments to be made to the collective agreements which expired in the case of the S.I.U. on September 15, 1957, and in the case of both the Canadian merchant seamen's guild and the national association of marine engineers on September 1, 1957, be referred to arbitration by an arbitrator appointed by the Minister of Labour of Canada for the purpose of resolving the matters in issue and the making of a decision thereon by August 15, 1958.

I am conveying these recommendations to the parties concerned and urging them to give them their favourable consideration.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. R. J. McCleave (Halifax) moved:

That the petition of Beverley Georgina Berry Turpin for a bill of divorce, presented on June 30, 1958, together with the clerk of petitions' report thereon of July 1, 1958, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

NATIONAL DEFENCE

CANADA-U.S. EXCHANGE OF NOTES WITH RESPECT TO AERIAL REFUELLING

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I desire to table an exchange of notes between the United States government and the Canadian government. This exchange has to do with the conditions which will govern the establishment, maintenance and operation of aerial refuelling facilities at certain bases in Canada.

Canada-U.S.—Aerial Refuelling Facilities

Mr. Speaker, you will recall that the Prime Minister informed the house on June 10 of the intention of the two governments to complete a formal agreement on this subject. This agreement has resulted from extended discussions between the two governments. The purpose of the establishment of the refuelling facilities is to strengthen the readiness capability of the United States strategic air command, which constitutes the free world's main deterrent against aggression. These refuelling facilities are designed to contribute to the ability of that deterrent force to react quickly in the face of the reduced time of warning which must now be contemplated in the event of an act of aggression against this continent.

[*Later:*]

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs whether with regard to the exchange of notes, now constituting an agreement between Canada and the United States, any construction of air refuelling facilities in this country pursuant to the agreement will be performed by Canadian workmen; and will the conditions relating to the construction and procurement of construction equipment likewise be confined to Canadian sources?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, I would refer to paragraphs 5 and 6 of the annex to the note I have tabled. With respect to construction, it is provided that procedures for awarding contracts for construction of the air refuelling facilities, and so forth, shall be determined by agreement between appropriate agencies of the two governments. Then there are set out in paragraph 6 with respect to procurement of equipment certain provisions in that regard. I can assure the house, Mr. Speaker, that the interests of Canadian contractors will be safeguarded as much as possible.

Mr. Martin (Essex East): May I ask a supplementary question. Is the Secretary of State for External Affairs in a position to say whether or not this covers the use of labour, by the United States, or is it the intention that only Canadian labour will be employed? Are we to construe from what the minister has just said about the interpretation of article 5 and following articles of the annex that the construction work may be awarded to American contractors?

Mr. Smith (Hastings-Frontenac): The agreement that is referred to in paragraph 5 of the annex has not as yet been worked out. I can only reiterate the assurance that I gave.

[Mr. Smith (Hastings-Frontenac).]

EQUIPPING OF MISSILE TESTING STATION IN CANADA

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I would like to direct a question to the Minister of National Defence. As Canada does not produce any missile weapons and, to our knowledge, our armed forces are not equipped with the same, could the minister make any comment on recent allegations that a contract has been awarded for the equipment for a missile testing station in Canada?

Hon. G. R. Pearkes (Minister of National Defence): I will take that question as notice and give the hon. member an answer tomorrow.

Mr. Winch: As a supplementary question, would the minister also check as to whether or not a contract has been awarded to Computing Devices of Canada, which has its headquarters in Ottawa, for the supplying of equipment for the purpose I have mentioned?

Mr. Pearkes: Mr. Speaker, I will also take that question as notice.

FISHERIES

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works) moved:

That items numbered 130 to 153 inclusive, as listed in the main estimates of 1958-59, and items numbered 555 to 565 inclusive, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Fisheries, be withdrawn from the committee of supply and be referred to the standing committee on marine and fisheries, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

MINES AND TECHNICAL SURVEYS

REFERENCE OF CERTAIN ESTIMATES TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works) moved:

That items numbered 193 to 218 inclusive, as listed in the main estimates 1958-59 and items numbered 575 to 577 inclusive, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Mines and Technical Surveys, be withdrawn from the committee of supply and be referred to the standing committee on mines, forests and waters, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

DEFENCE PRODUCTION

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I have one more motion

which I did not mention last night, but in view of the report of the standing committee on estimates, which has been concurred in, I am moving this additional motion today:

That items numbered 78 to 84 inclusive, as listed in the main estimates 1958-59, and item No. 541, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Defence Production, be withdrawn from the committee of supply and be referred to the standing committee on estimates, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

STARRED QUESTION

CARSON STROUD

Question No. 28—**Mr. Pickersgill:**

1. When was Mr. Carson Stroud selected as adviser on employment to the officials of the Terra Nova national park?
2. Who recommended his appointment?
3. What are his qualifications to serve as adviser?
4. Who selected the temporary and casual employees in the park before Mr. Stroud became adviser?
5. Were there any complaints about the selection of employees before Mr. Stroud became adviser?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first question is April, 1958.

The answer to the second question is that there is no appointment. I will take responsibility for suggesting that he be among those asked for advice.

The answer to the third question is that Mr. Stroud is a leading citizen in the area and is highly regarded.

The answer to question 4 is as follows. The only previous adviser of whom the department is aware was Captain M. Berry who is, I believe, a personal friend of the hon. member for Bonavista-Twillingate, and any additional information will have to come from him in that regard.

With regard to question 5, some complaints were received between the time I became minister of the department and before Mr. Stroud's selection. I believe his advice will help the park authorities to handle employment questions at the park in the best interests of the local people. No complaints have been received from local residents about selection of employees since the department has had Mr. Stroud's advice.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRANSPORT DEPARTMENT—CABINET USE OF PLANES

Question No. 28—**Mr. Fisher:**

1. Did any minister of the crown use Department of Transport planes for other than government business between February 1 and March 31, 1958?
2. If so, what ministers, for what flights?
3. What remuneration did the department receive for any such flights?
4. What was the institutional or personal source of such remuneration?

COAL TENDERS, P.E.I.

Question No. 118—**Mr. Robichaud:**

1. Have public tenders been called for the supplying of coal for Department of Transport, Department of Public Works, and national defence buildings, in Prince Edward Island, for the fiscal year 1958-59?
2. If so, who submitted tenders, what was the amount of each tender and the grade of coal in each case?

GOVERNMENT PURCHASES IN U.K.

Question No. 135—**Mr. Godin:**

What was the value of goods purchased by the Canadian government in the United Kingdom in each month from July, 1957, to date?

MOTIONS FOR PAPERS

EFFECTS OF ATOMIC RADIATION

Motion No. 11—**Mr. Argue:**

For a copy of any reports or submissions exchanged between the Canadian government or any of its departments, and the United Nations or any of its agencies, between January 1, 1957, and the present, dealing with the effects of atomic radiation.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I realize that this is not debatable, but I am suggesting some modifications. Since January 1, 1957, the Canadian government, as a member of the 15-nation UN scientific committee on the effects of atomic radiation, has submitted four reports dealing with different aspects of atomic radiation. Copies of these four reports will be tabled.

During the same period one copy only of papers and reports received by the UN scientific committee from the other member countries of the committee has been made available to the Canadian government. These copies are on file in my department. These reports now total about 230, most of which are of a highly scientific nature and run to as much as 2,000 pages. In view of their number and strictly scientific content, I respectfully suggest that instead of having copies made of these voluminous reports for tabling purposes, they be made available to the hon. member for his perusal in my department. I believe the hon. member is agreeable to this.

Mr. Speaker: May I record this motion as having been otherwise dealt with and withdrawn by leave of the house?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

Inquiries of the Ministry

BEAM STATION ROAD, TERRACE AIRPORT, B.C.

Motion No. 20—**Mr. Howard:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government, or any of its departments, and the government of British Columbia or any other organization or person, dealing with the use of the beam station road at the Terrace airport by the British Columbia provincial government or by any other person.

Hon. George H. Hees (Minister of Transport): Mr Speaker, I wonder if the hon. member would mind allowing this motion to stand until I have an opportunity to discuss it with him.

Motion stands.

FEDERAL ELECTION EXPENSES, 1958

Motion No. 21—**Mr. Howard:**

For a return showing the total amount of election expenses on behalf of each candidate, by constituencies, in the general election of March 31, 1958, as indicated in the return respecting election expenses submitted by the official agent of each candidate, as required under the provisions of section 63 of the Canada Elections Act; and showing also the names of any candidates, by constituencies, on whose behalf election expense returns have not been submitted.

Motion agreed to.

TRADE

REPORTED REDUCTION IN PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Trade and Commerce if he would comment on a report which appears in the press this morning to the effect that as a result of discussions in Paris the list of prohibited exports to the Soviet union and communist China has been reduced and, if this is the case, could the minister indicate the nature of the relaxation?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have no comment to make at this moment because I have not received an official report with regard to the changes that may have been made.

URANIUM—STATEMENT ON REPORTED SALE BY UNITED STATES TO JAPAN

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on June 24 the Leader of the Opposition addressed a question to me with respect to the effect on Canada's position, as a supplier of uranium to Japan, of an agreement signed June 6 between Japan and the United States for the supply over a 10-year period of 2,700 kilograms of uranium to Japan by the United States.

[Mr. Speaker.]

The agreement in question is an agreement for co-operation in the civil uses of atomic energy, and provides, among other things, that the United States will sell or lease, as may be agreed, to the government of Japan enriched uranium containing up to a total of 2,700 kilograms of U-235. This material will be supplied up to this total quantity only in such amounts as will be required from time to time over a 10-year period for the fuelling of certain nuclear reactors which the government of Japan, in consultation with the United States, decides to construct or to authorize private organizations to construct in Japan. The material in question is, of course, enriched uranium which Canada is not in a position to supply.

As my colleague the minister of external affairs stated in the house a few days ago, we understand that the Japanese authorities are anxious to co-operate with Canada in the peaceful uses of atomic energy, and we hope they will shortly be in a position to begin negotiations toward an agreement for such co-operation. This agreement will contain a provision permitting the supply by Canada of natural uranium in commercial quantities to Japan in the coming years. Our present information is that the Japanese nuclear power program will in due course require substantial quantities of natural uranium, and as one of the world's leading uranium producers we hope that much of this will be provided by Canada.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO INCREASE IN PAYMENTS DUE TO DROUGHT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder if the Prime Minister would care to comment on his inspection of the very serious conditions on the prairies and tell us whether or not the government contemplates any emergency action arising out of that inspection, particularly in respect of an increase in the rate of payments under the Prairie Farm Assistance Act?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as government plans are concerned they will be communicated to the house as soon as any decision is made. However, in reply to the earlier portion of the question I would say this. In Manitoba and Saskatchewan I had an opportunity of doing that which is very necessary to be done at all times by one who has my responsibility—to know at first hand what is actually taking place.

In the province of Manitoba, according to the information I received, and that was supported by what I personally saw in the particular areas I visited, some 700 townships this year will require to be inspected under the Prairie Farm Assistance Act. In the province of Saskatchewan, while yesterday and also the day before when I was in Brandon several localities received rain for the first time—

Mr. Argue: What was the amount?

Mr. Diefenbaker: While changes could take place in consequence of a continuance of reasonable precipitation, at the present time the picture is anything but one that would please the hearts of those who are familiar with conditions that have obtained in past years and the regularity with which drought has stricken certain portions of Saskatchewan ever since the white man first visited those areas.

In Saskatchewan the position seems to be that of the 3,000 townships in that province, 2,000 will be subject to the necessity of inspection under the Prairie Farm Assistance Act, which gives some indication of the extremely serious condition prevalent in that province at the moment.

Mr. Argue: Mr. Speaker, I thank the Prime Minister for his statement. I realize that any government policy will be announced in due course, but I wonder whether the Prime Minister can say if a study is continuing in the whole field of crop insurance. That question comes very much to the fore with conditions as they now are.

Mr. Diefenbaker: As the house has been advised on previous occasions, that study is being continued.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REPORTED CRITICISM OF DEPARTMENTAL OFFICIALS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Justice. Has the minister's attention been drawn to a Canadian Press news report dated June 23, entitled "Judge Blasts Federal Men on Not Giving Arrest Reason", which reports Mr. Justice H. W. McInnes, of the supreme court of British Columbia, as criticizing senior officials of the minister's department for issuing a defective warrant for the rearrest of a man who faced the prospect of imprisonment for the remainder of his natural life. In view of the public interest in this unusual situation, is the minister prepared to give an explanation of the circumstances to the house?

Inquiries of the Ministry

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I want to thank the hon. member for giving me notice of his question. The case referred to was that of an inmate of the British Columbia penitentiary who was serving an indeterminate sentence as a result of a finding by a criminal court that he was an habitual criminal. After he had served 10 years of this sentence he was released on licence under the Ticket of Leave Act in January of this year. I should point out that his sentence had not been remitted, but that he was only granted a licence to serve the remainder of his sentence outside of prison for so long only as the conditions of the licence were complied with.

In June of this year it became apparent that this man was not complying with the terms of the licence under which he had been released from the institution; that for the protection of society it was desirable that the licence should be revoked and that, as required by the Ticket of Leave Act, he should be returned to the penitentiary. My colleague the Solicitor General, who is responsible for the administration of the Ticket of Leave Act, advised His Excellency that the licence should be revoked and it was revoked accordingly.

The Ticket of Leave Act provides that, where a licence under the act is revoked, the appropriate minister of the crown shall signify to the commissioner of the Royal Canadian Mounted Police that the licence has been revoked, and require the commissioner to issue his warrant for the apprehension of the licensee. This procedure was followed in the case to which the hon. member refers. However, the warrant that was issued by the commissioner of the R.C.M. Police indicated on its face that the ticket of leave licence in question had been revoked, but did not indicate that the appropriate minister of the crown had signified that fact to the commissioner of the R.C.M. Police. I should say that the commissioner's warrant in this case followed the form that has been used for such warrants since the Ticket of Leave Act came into force in 1895.

However, when the licensee was taken into custody under the commissioner's warrant, his counsel made successive applications by way of habeas corpus to two judges of the supreme court of British Columbia. Both these applications were refused. However, upon application to the third judge, Mr. Justice McInnes, the commissioner's warrant was held to be invalid on the ground that it did not contain a recital to the effect that the appropriate minister of the crown had signified to the commissioner of the R.C.M. Police that the licence had been revoked.

Inquiries of the Ministry

I might add that appropriate steps have been taken to ensure that in the future any warrant that is issued by the commissioner of the R.C.M. Police upon the revocation of a licence under the Ticket of Leave Act will not be defective, in the sense in which the commissioner's warrant was found to be defective in the case to which the hon. member referred.

With regard to the observations made as to the lack of reasons, I might point out that one of the basic provisions of the Ticket of Leave Act is that, where a man on ticket of leave is found to be not observing the conditions of the licence under which he is at liberty to serve the rest of his sentence outside the institution, that man should be immediately apprehended and recommitted, for the protection of society, and indeed, in many cases, in his own best interests. This is the scheme of the Ticket of Leave Act, which, with certain modifications, will be carried forward into the new proposed national parole act, of which notice has been given on the order paper. There will be an opportunity then for a fuller discussion if it should be desired at that time.

HEALTH INSURANCE

BRITISH COLUMBIA—ALLEGED SIGNING OF AGREEMENT UNDER PROTEST

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of National Health and Welfare. According to press reports the minister of health of British Columbia stated that that province signed the federal hospital insurance agreement under protest. What was the reason for the protest, and did other provinces make similar protests?

Hon. J. W. Monteith (Minister of National Health and Welfare): I also noticed the article, which I may state comes as a complete surprise to me. I should like to examine the correspondence and whatever there may be on file, so I think I shall take this question as notice.

UNEMPLOYMENT INSURANCE

FISHERMEN—INQUIRY AS TO CHANGES IN REGULATIONS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to ask the Minister of Labour if there have been any recent changes in the unemployment insurance regulations so far as fishermen are concerned. If so, would he indicate the precise effect of these changes?

[Mr. Fulton.]

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for giving me notice of this question. In answer I might say that fishermen became eligible to receive benefits on December 1, 1957. An order in council relating to fishermen's benefits was passed to this effect in November, 1957, and there has been no change in the regulations in so far as fishermen are concerned since that time.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Has the minister seen a report in the newspapers of Newfoundland to the effect that the Minister without Portfolio announced there had been a change?

Mr. Starr: No, I have not, Mr. Speaker.

THETFORD MINES—REQUEST FOR EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Mr. Gabriel Roberge (Megantic): I wish to direct a question to the Minister of Labour. Did the minister receive a telegram from the municipal authorities of Thetford Mines regarding unemployment and asking that seasonal benefits be paid to the unemployed for a further period? I am sorry I did not have an opportunity to send the minister notice of the question.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am not aware of any such telegram, but I will look into the departmental files and provide an answer to the question for the hon. member.

REQUEST FOR SEASONAL BENEFIT PAYMENT FIGURES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question, Mr. Speaker. May I ask the Minister of Labour whether he has yet had an opportunity to get the figures I asked the acting minister for a day or two ago, with respect to the number of persons receiving seasonal benefits at the time seasonal benefits stopped on June 28?

Hon. Michael Starr (Minister of Labour): I understand that takes about two weeks to compute, Mr. Speaker. As soon as the figures are available I will convey them to the hon. member.

Mr. Pickersgill: Is the minister going to be in a position to give the actual number of persons receiving benefits or the number of claimants? He indicated some time ago that he hoped to have the actual figures of beneficiaries.

Mr. Starr: I am not certain I can, but I will endeavour to comply with the wishes of the hon. member.

HOUSE OF COMMONS

ALLEGED REMOVAL OF FLAG FROM OFFICE BY R.C.M. POLICE

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to direct a question to the Minister of Justice. Will the minister inform the house upon whose instructions an officer of the Royal Canadian Mounted Police acted in requesting that a flag be removed from an office in the parliament buildings?

Hon. E. D. Fulton (Minister of Justice): I am unaware that any officer of the Royal Canadian Mounted Police acted under such instructions.

Hon. Lionel Chevrier (Laurier): Will the minister look into the case and ascertain the facts?

Mr. Fulton: I will be glad to, but I should have thought it would be within the knowledge of the hon. member asking the question that the control of the parliament buildings rests with the protective staff of the respective houses.

Hon. Paul Martin (Essex East): Is the minister not aware that there was a radio report this morning to the effect that the removal of the flag in question was performed at the instance of a Royal Canadian Mounted Police officer?

Mr. Fulton: No, I did not hear that report, but I will inquire into the circumstances and let the house know.

TRANSPORT

NEWFOUNDLAND—USE OF PORT AUX BASQUES HARBOUR BY FERRY "WILLIAM CARSON"

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): May I direct a question to the Minister of Transport. I regret not being able to give him notice, but I do not believe he will be unduly handicapped. Is the minister correctly reported in today's *Gazette* to the effect that the Canadian National ferry *William Carson* is expected to start using the new harbour at Port aux Basques by the end of this summer? If so, can the minister be a little more specific as to when the trial runs may begin?

Hon. George H. Hees (Minister of Transport): The trials are expected to start shortly, and are to be carried out this month. It is hoped by the management of the Canadian National that the *Carson* will start operating into Port aux Basques by the end of this month.

Inquiries of the Ministry

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO PROGRESS OF DISCUSSIONS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): In view of the fact the Prime Minister has just returned from Saskatchewan, is he in a position to make any statement in regard to the South Saskatchewan dam?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the only connection between my visit and that dam is that climatic conditions in Saskatchewan this year indicate how necessary it was that this dam and irrigation project should have been proceeded with at least six or seven years ago.

However, the general position of affairs with regard to the matter is as follows. There has been transmitted to the government of Saskatchewan a draft agreement setting out the basis upon which the national government is prepared to join in the construction of the dam. Possibly I could do no better than to refer to the various items in connection with that draft agreement.

First, the dominion government will pay 75 per cent of the cost of construction of the dam, with 25 per cent being the responsibility of the provincial government except where the cost exceeds $100 million, in which case the national government will provide the total amount of that excess. Furthermore, in so far as the share of the government of Saskatchewan is concerned in the construction of the dam, that is the 25 per cent to which I have just made reference, we have agreed to finance half of Saskatchewan's share by accepting 20-year obligations of the province.

Third, we have agreed to pay 25 per cent of the cost of penstocks to provide a minimum of 200,000 horsepower.

We have agreed to transfer the ownership of the dam to Saskatchewan when it is completed and filled to the extent which will permit operation to produce a minimum of 200,000 horsepower of electrical energy.

We have further undertaken to assume the entire cost of engineering and legal services and supervision.

As to the future after the dam is constructed, we have agreed at the sole expense of Canada to correct all defects which may develop within the first 10 years after turning the dam over to Saskatchewan. We have also agreed to maintain the dam for a period of 10 years, for six years entirely at the expense of Canada and for the final four years with the expense being shared equally with the province.

In order to assure that the dam will be properly constructed, a construction board

is to be set up with dominion and provincial representatives to review plans and so on during the time the construction of the dam is going forward, and also a maintenance and operation board during the period in which we will maintain the dam, but its operation will be in the hands of Saskatchewan. And for a period of 25 years from the time Saskatchewan takes over the dam where, by reason of a failure in the structure of the reservoir that is attributable to faulty design or construction, damage is caused which in the opinion of the Minister of Agriculture and the premier of the province of Saskatchewan is of the magnitude of a disaster, we have agreed that Canada will indemnify the province in respect of all claims of third parties arising out of such failure.

From the foregoing it will be seen that many of those things that in the past held back any agreement have now been removed by the acceptance on the part of this government of the need of the dam being proceeded with as a national venture in co-operation with the province of Saskatchewan. My hope is that at the earliest possible date this agreement will be signed, to the end that the work may be started within the next few weeks.

AGRICULTURE

CHEESE—REPORTED VARIATIONS IN SUPPORT PRICES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to direct a question to the Minister of Agriculture; I regret that I did not send him notice. I should like to ask the minister whether he has replied to the representations of the syndicate catholique de l'U.C.C., des coopératives agricoles et du conseil de l'administration de la fédération de l'U.C.C. de la province de Quebec, pointing out that the price support for cheese is a half cent higher in Ontario than in Quebec in general, and one cent higher in Ontario than in the Saguenay region? Does the minister propose to take any action to rectify the situation?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not recall receiving representations from the organization which the hon. member mentioned, though I may have done so. However, the situation with regard to the support price of cheese is this. Under the provisions of the act we provide a support price which is fixed on the basis of the average price for the preceding 10 years at representative markets. As it happens, during the past 10 years the average price at Montreal has been less than the average price at Toronto and other Ontario points. That is the reason there is the half cent difference in the support price provided for Quebec cheese as compared with Ontario cheese.

Mr. Boulanger: I have a supplementary question. The price is a cent lower in the Saguenay region than it is in Ontario because cheese is shipped to Montreal instead of being graded in the Saguenay region. That is why the price is a cent lower than it is in Ontario and a half cent lower than it is in Montreal.

Mr. Harkness: Mr. Speaker, I am not aware of the fact that it is a cent lower. As a matter of fact, my understanding is that the Quebec cheese people are much better off now than they have ever been. The Kraft cheese people have made a contract with the Quebec cheese producers to take their production off the market at, I believe, the same price as the support price in Ontario, namely 34 cents. If there is a cent difference it may well be because of the fact that the handlers, the co-operatives or those who are handling this cheese, are taking bigger handling charges than they should really be entitled to. However, I have no personal knowledge of that particular situation.

UNITED NATIONS

ILO—REQUEST FOR REPORT ON MEETING

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour, in view of the statement that was made in this house yesterday by the government house leader to the effect that the Minister of Labour was absent in Europe on important business affecting the Department of Labour. Is it the intention of the Minister of Labour, now that he has returned, to make a report to parliament on his recent tour, as is the usual custom when a member of the cabinet is away on a prolonged visit overseas while the house is sitting?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I realized yesterday, as I do again today, how greatly concerned the hon. member is with respect to my work and my activities. I assure him that at all times I try to discharge my duties and responsibilities conscientiously and well.

As to the detailed report on the international labour congress which lasted from June 4 to June 25, I shall be glad to give it in detail but I assure you, Mr. Speaker, and hon. members of this house that it will take three to four hours. If that is what the hon. member desires I shall be glad to do it. However, if he wishes to have an accounting

with regard to the ILO congress, I shall be glad to give it to him privately any time he has two or three hours to spare.

PUBLIC SERVICE

STATEMENT ON ALLEGED FEATHERBEDDING BY GOVERNMENT EMPLOYEES

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, on June 25 the hon. member for Port Arthur inquired whether senior officials of the civil service associations and the head of the civil service commission would be called before a committee of the house in connection with recent allegations made concerning staff reductions in a certain crown corporation.

As hon. members are aware, the civil service commission is presently engaged in a thorough review of the Civil Service Act and civil service regulations, and it is anticipated that the commission's recommendations on all aspects of federal personnel administration will be submitted by the end of this year. The commissioners will be considering such matters as those referred to in the hon. member's question.

For this reason the government believes that if action along the lines suggested by the hon. member's question is to be taken, it would be more useful to parliament if it were taken at a later stage.

Mr. D. M. Fisher (Port Arthur): I would like to ask a supplementary question of the Prime Minister arising out of the answer given by the Secretary of State. While the statement is welcome and we will look forward to the report of the civil service commission, would the Prime Minister consider taking some steps to allay the considerable disquiet which has developed as a result of the situation in Central Mortgage and Housing Corporation and in the civil service with respect to statements which have been made?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think everything which could be said on this subject has been said.

Some hon. Members: Oh, no.

(Translation):

STATEMENT AS TO ALLEGED NEW POLICY REGARDING APPLICATIONS FOR EMPLOYMENT

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): While I have the floor, Mr. Speaker, I should like to reply to an inquiry made by the hon. member for St. Denis (Mr. Denis) on June 25 last. His question was:

Inquiries of the Ministry

Is it true that the civil service commission no longer accepts applications for employment unless there is a vacancy?

The answer to this question is yes. Last year, the civil service commission made a detailed study of the administrative methods and procedures used by the commission. The purpose of that study was twofold. The first objective was to improve as much as possible the efficiency of the services which the commission must give to the public and to various government departments. Secondly, the commission wished to make sure that it was making the best possible use of its staff.

In the course of that study, it was determined that every day the commission received about 40 applications, often of a general character, referring to no specific competition. Two or three clerks spent their whole time answering all such applications. Moreover, some officials of the commission's personnel selection branch had to devote a large part of their time to that same procedure. On the other hand, experience has shown rather conclusively that, notwithstanding all the time which the staff of the commission was spending on such applications, the results achieved were far from substantial.

The commission also felt it was hardly fair to grant this special treatment to people sending general applications when that same treatment was not granted applicants for duly advertised competitions.

Finally, not only are the notices of the commission posted in post offices throughout the country, in the offices of the national employment service and in the district offices of the commission, but they are continuously being published in newspapers from Newfoundland to British Columbia. Consequently, any Canadian wishing to enter the civil service, with the possible exception of very few people who live in remote areas, can easily know from day to day about the employment possibilities in the civil service and about the examinations advertised by the commission.

For all these reasons, the commission has come to the conclusion that the public money which was used to answer the general applications just referred to could more properly be used elsewhere and, as a consequence, the commission no longer answers those requests except in cases where the applications deal with fields of employment where there is still a lack of qualified candidates.

Mr. Azellus Denis (St. Denis): Mr. Speaker, I would like to direct another question to the hon. Secretary of State. In his opinion, does it require more work to accept and file an application than to take the trouble of replying to the application, returning the form and informing the candidate by letter that no further applications are being accepted?

On the other hand, Mr. Speaker, if some people want to put in applications for employment in the Post Office Department, for instance, the way to take part in an examination for a postman's job would be simply to read the daily paper...

An hon. Member: Question!

Mr. Denis: I am asking the hon. Secretary of State if the new policy of the civil service commission might not prevent hundreds of people from getting employment in the civil service. I have put the question, and I now request an answer from the hon. Secretary of State.

Mr. Courtemanche: The hon. member for St. Denis has too much experience to ask such a question. He knows that while the Secretary of State is spokesman for the civil service commission, he has nothing to do with the administration of any rulings of that body.

Mr. Denis: Mr. Speaker, I should like to ask a supplementary question. If the civil service commission makes wrong decisions and states a wrong policy, does the Secretary of State have to put up with it, in view of the fact the civil service commission is under his jurisdiction?

An hon. Member: We have put up with it for 22 years!

Mr. Courtemanche: It is a commission which was instituted by the former government, and I have to suffer the consequences.

(Text):

Mr. Speaker: Not having the advantage of simultaneous translation, I am afraid I am missing some of this debate.

POST OFFICE DEPARTMENT

SPECIAL ISSUE TO COMMEMORATE 50TH ANNIVERSARY OF FIRST COMMONWEALTH AIR FLIGHT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): May I direct a question to the Postmaster General. Has the Post Office Department any plans to issue a stamp to commemorate the 50th anniversary of the first powered flight of a heavier than air machine in the British commonwealth, which occurred in Baddeck, Nova Scotia, on February 23, 1909? This may not seem a very urgent question, but it is one of vital importance to the citizens of the town of Baddeck.

Hon. W. M. Hamilton (Postmaster General): Yes, Mr. Speaker, this subject was selected by the post office as a very suitable one to be so marked, and the design is now in the process of development. It is probable that it will include a representation of the first aircraft which flew at Baddeck, piloted by Mr. J. A. D. McCurdy almost 50 years ago.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, June 27, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. Chevrier: Mr. Speaker—

Mr. Speaker: Had the hon. member for St. Antoine-Westmount (Mr. Webster) completed his remarks?

Mr. Chevrier: When the debate adjourned last Friday I thought the official opposition had the right to resume the debate at this time.

Mr. Speaker: I had a note from the clerk that that hon. member had the floor, and I did not want to do him any injustice.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in the few moments I have at my disposal today, I should like to devote part of my speech to a matter of the greatest importance to me and especially to the province of Quebec. In fact, the budget speech did not mention the matter, or barely touched upon it. I refer to the question of federal-provincial relations.

Mr. Speaker, momentous as the question is, the budget speech gives no clue as to the government's intention in that regard. Indeed the budget gives no clue as to what the government might be planning with respect to this important question, and I am inclined to believe that if provincial premiers happened to come to Ottawa, no one would be more embarrassed than the hon. Minister of Finance (Mr. Fleming) himself. Since he has announced no policy whatever on that question, I am therefore convinced that the hon.

member for Bonavista-Twillingate (Mr. Pickersgill) was perfectly right, the other day, when he said: "I am convinced that neither the Minister of Finance nor the government, for that matter, has any intention of convening a federal-provincial conference in Ottawa, in 1958".

Mr. Speaker, this question was one of the main themes of the last electoral campaign in the province of Quebec. According to the former supporters of the Union Nationale and the new Conservative members of that province, the Liberal party and its chief were the very incarnation of centralization, whereas the Conservative party and its chief were in favour of decentralization and provincial autonomy.

Some hon. Members: Hear! Hear!

Mr. Chevrier: Mr. Speaker, I am glad that the hon. members have applauded this statement, and I wonder how the hon. member for Quebec-Montmorency (Mr. Lafreniere) could state here some time ago, that his chief was the saviour of confederation. I should like to know on what basis the hon. member made such a statement. Surely not on the basis of the famous telegrams which were sent by the federal government, several of which never reached their destination. Now then, what is his basis for that statement?

Mr. Speaker, these new Conservatives from the province of Quebec have been going through the province under the standard of the Union Nationale claiming that the rights of our minority had been wronged by the policy of the former federal government. They told the people of Quebec that they were great champions who would stand against this threat, against such tactics of invasion of the provincial field on the part of the then federal government.

Although, Mr. Speaker, I could, in this regard, quote the utterances and promises of a good many Conservative members from the province of Quebec, I will merely take up some statements of the member for Bellechasse (Mr. Dorion), who not very long ago was referred to in *Le Devoir* as the new Conservative lieutenant for Quebec province at the federal level. I should rather imagine that his colleagues from the province of Quebec who sit in this house must have frowned on reading this statement in *Le Devoir*. The hon. member himself, furthermore, claimed in this house that he was speaking on behalf of the Conservatives of the province of Quebec.

There was a time, Mr. Speaker, when the hon. member knew of no better way of condemning the Liberals than to accuse them of being Conservatives themselves.

In an article published in *Le Temps*, on January 17, 1947, the hon. gentleman wrote as follows:

> It is generally admitted that the Liberal party has drawn so heavily on the Tory party for inspiration that, at the present time, it is little else than a carbon copy of the Conservative party.

This proves then, that, in those days, he had no great liking for the Conservative party. He even spoke of it derisively. In fact, I almost feel like asking: "When did he see the light?"

Previously, the hon. member, in a radio speech delivered in March 1943 and bearing on the terms of confederation, made particular reference to what had happened in 1867, and stated the following:

> The basic powers which the provinces had reserved for themselves were such as to give rise to the highest hopes. The constitution had granted them exclusive rights of legislation, within their own territory, in respect of agriculture, colonization, immigration, municipal institutions, internal transport, property, civil rights, education, incorporation of companies, organization of the courts, administration of justice, social and industrial organization. From the economic point of view, the provinces retained ownership and administration of crown lands and of natural resources, whereas, from the fiscal point of view, they were granted the right to levy direct taxes, that is, real estate taxes, income tax, sales tax, succession duties, etc.
>
> In other words, whereas the federal state was to be concerned with the external policy of the country and with its customs policy, the provincial State was to enjoy sole responsibility for its own internal policy, within its own territory. To such a degree of emancipation, then, were we led by the constitution of 1867.
>
> That is how Quebec, half whittled away through the Act of Union of 1841, reasserted itself, resumed the machinery of direction, and, in short, came into its own again.

Mr. Speaker, what that amounts to can be summed up roughly as follows: matters concerning the country's foreign policy and customs policy fall within the purview of the federal government, and the rest comes under provincial jurisdiction.

In short, I would say that this can only be held to mean that the constitution of 1867 was purely confederate in nature, as distinct from federal, because the central government was supposed to deal only with external questions, whereas the provinces had the responsibility of internal ones.

Considering these former statements—and I could quote many more—and remembering the presumption of his former chief, Mr. Duplessis, who said that the provinces had a priority right with regard to taxation matters and that under a Liberal government Ottawa had seized a fiscal

power to which it was not entitled, it is difficult to understand the views recently expressed by the hon. member in this house.

As a matter of fact, the learned argument he submitted at that time mainly consisted, to my mind—and I am saying so with all due respect—in breaking through open doors, but in doing so, the hon. member implicitly stated how much his political philosophy had evolved, and how much his position with regard to political principles had changed since he abandoned the Union Nationale party and his chief, Mr. Duplessis.

The first point raised by the hon. member concerns federal subsidies or grants to the provinces. On this point, his argumentation is not very clear to me. I have read and re-read that part of his speech several times and, to my mind, it can only mean either that federal subsidies to the provinces, barring those which are specifically ordered by the constitution, are unconstitutional or that the subsidies process must not be taken as a general principle and as the only means of financing provinces.

If the hon. member's thought is in accord with the first interpretation, then his words and his deeds disagree because, since the beginning of this session, he has already voted in favour of federal subsidies to provinces, such as the hospital insurance subsidies which surely are not ordered by the constitution, and he will no doubt have to do likewise many times in his stay in this house, no matter how short it be. On the other hand, if the second interpretation is the right one—

Mr. Dorion: Is the hon. member expressing a desire or a wish?

Mr. Chevrier: It does not matter; it does not affect my argument in any way.

An hon. Member: What you are saying is true.

Mr. Chevrier: On the other hand, Mr. Speaker, if the second interpretation is the right one, I am then under the impression, as I have already said, that the hon. member has been smashing down an open door because, even if, in fact, federal subsidies have been the main source of revenue for the provinces during many years, I do not know anybody, especially today, who would claim that federal subsidies must be the only source of provincial financing, nor the general rule.

The second point to which the hon. member referred is that of direct taxation. In my opinion, this question is of particular importance. In this regard, I am convinced that he is not unaware, as he would have had us believe in his speech that in some Quebec quarters which he knows well, it is claimed that when the federal government started, in 1917, to impose the income tax, it had taken over sources of income which did not belong to it. He knows several individuals who, on this point, have talked of restitution. If those people asked for restitution, they must have felt there had been a theft, in which case, the federal government had no right in the first place to impose such tax. If the hon. member wants names, I can supply him with a whole list of them. But I do not want to insist further on this point, since the hon. member himself later admitted that, nowadays, there is concurrent jurisdiction in the field of direct taxation. What baffles me in connection with his present attitude is the fact that he states on the one hand, the principle of concurrent jurisdiction and that, on the other hand, he ignores the principle of priority of provincial rights, which, precisely, he has often stood up for, with his own chief the Hon. Mr. Duplessis.

What baffles me also, Mr. Speaker, is the fact that he devoted the major part of his speech to proving that, according to our constitution, each province has the exclusive right to direct taxation within the province, as income for provincial purposes. To hear him talk, we would be inclined to believe that some Canadians deny this right, which has been so clearly established by our constitution. Once again, I am under the impression that the hon. member was merely breaking through a wide open door.

In fact, when the hon. member states that "any federal government that collects direct taxes for provincial purposes is shying away from the letter and the spirit of the constitution", he is attacking the Bennett government and its social legislation, and not the Liberal government.

Mr. Bennett wanted then to impose a direct tax in order to finance an unemployment insurance fund without prior constitutional amendment. That is one of the reasons why his legislation was declared unconstitutional in 1937, thanks to the initiative of some Liberals who had then referred it to the courts. Under the Liberal regimes, only two bills were introduced in parliament, one providing for a direct tax for provincial purposes, i.e. unemployment insurance, in 1941; and then old age security, in 1950. In both cases, the constitution had been amended previously with the unanimous consent of the provinces.

Mr. Dorion: Would the hon. member permit a question? Could he tell us if, in fact, the

province of Quebec, then under the leadership of the Hon. Mr. Godbout, had previously adopted some legislation to authorize the federal government to deal with the Old Age Security Act?

Mr. Chevrier: No, Mr. Speaker, but what I shall—

Mr. Dorion: Then the provincial government of Quebec, as such, had not agreed at the time?

Mr. Chevrier: —what I said, Mr. Speaker, is that the government of the province of Quebec agreed in both cases: the government of the Hon. Mr. Duplessis, in one case, and the Liberal government, in the other. In both cases they have agreed to that amendment.

That is why I say that the hon. member is perfectly right in criticizing the Bennett administration for attempted encroachments upon provincial rights. He is not, however, when he criticizes Mr. Godbout by intimating that the former Liberal premier had laid aside the doctrine according to which the provinces have a right to direct taxation.

The hon. member should remember that Mr. Godbout was the first to levy a provincial personal income tax in 1939. Moreover, in 1952, when he decided to sign an agreement and to lease, for a definite period and for specified amounts, the rights of the province in the field of direct taxation, that agreement, as the hon. member for Bellechasse himself recognized later in his speech:

> —clearly confirmed the existence of a provincial power of taxation.

Why then charge Mr. Godbout with laying aside the constitutional doctrine in that field?

While the hon. member unjustly criticizes Mr. Godbout, he lightly absolves Mr. Bennett by stating:

> Up to 1937, it can be said that successive governments in this house respected provincial rights.

No doubt he has also forgotten that Sir John A. Macdonald was in favour of legislative union in Canada. After that, how can the hon. member dare say:

> If there is a problem which should be above political partisanship, which should not be affected by the heat of electoral campaigns, as he himself stated, it is that one.

Mr. Dorion: Would the hon. member,—I must apologize once more—

Mr. Chevrier: Certainly.

Mr. Dorion: —allow me another remark?

Some hon. Members: No, no; no remark; just a question.

Mr. Chevrier: I will permit the hon. member another question, but no remark, as this would be out of order.

Mr. Dorion: Is the hon. member for Laurier really stating that Sir John A. Macdonald was in favour of legislative union or did he not rather abandon that first idea on account of some particular situation then obtaining in Lower Canada?

Mr. Chevrier: What I have said has been clearly understood and appears in the official report; the hon. member can easily check my statements.

Later on in his speech, the hon. member shows that he himself has not been above political partisanship when he said, speaking about the wartime fiscal agreements:

> An agreement implies the free and voluntary consent of the parties; if the parties are not free to accept, it is no longer an agreement, it is oppression, dictatorship. And that is exactly what we have been witnessing at some conferences which have been held between the provinces and the then federal government.

In fact, if the hon. member had wished to remain above political partisanship, he would have admitted that the then fiscal agreements were becoming inevitable not because of the whims of the federal government but because of the state of war and the exigencies of war. It is true that this important aspect of the situation may not have been understood by the hon. member who, I say it without malice, was at that time—and I state it without any fear of being contradicted—devoting his energies mostly to fighting against the war effort of the Canadian government.

Some hon. Members: Hear, hear!

Mr. Dorion: On a point of order, Mr. Speaker.

Mr. Chevrier: I do not understand what the hon. member is saying.

Mr. Dorion: Mr. Speaker, I am sorry, but I think it is my duty to raise a point of order. The remarks just made by the hon. member do not correspond to the truth as far as I am concerned.

Moreover, I must say that I had the opportunity to take part in some social movements, precisely—

(Text):

Mr. Speaker: Order. May I remind the hon. member for Bellechasse (Mr. Dorion) that it is contrary to the standing orders to interrupt the hon. member who has the floor unless the hon. member who is speaking

gives way to answer a question. If he disagrees, or wishes to make a correction with respect to what is said, it would be the better course to leave that until the hon. member who is speaking has finished, and then he will be given an opportunity to do so.

(Translation):

Mr. Chevrier: Mr. Speaker, I have not the least objection to these questions being asked, but, on the other hand, I think that it is irregular for an hon. member to interpolate remarks during a speech.

However, with the consent of this house and of the hon. member, I would like to go on with my speech.

Then, if he wanted to be objective, after accusing the government of the day of being oppressors and dictators, how would he qualify the present government's attitude when fiscal arrangements were changed last year by sending telegrams, partly in lieu of discussions, and when, in some cases, those telegrams did not even reach their destination?

Obviously, Mr. Speaker, the attitude of the hon. member and of some other ministers is entirely different, and contrary to what it was before, and I ask hon. members to express their views on a speech heard two days ago in this house. In fact, in all the years I have had the honour to sit in this house, I never heard so centralizing a speech as the one made by the Minister of Northern Affairs and National Resources (Mr. Hamilton)—

Mr. Pallett: That is not true.

Mr. Chevrier: This speech, Mr. Speaker, clearly shows the disregard of this government for the provincial attitude and its disrespect for provincial rights.

I particularly urge hon. members to read the statement made by the minister as it appears on page 1760 of *Hansard* of June 30, 1958. He stated clearly that the policy laid down by the previous minister of northern affairs and national resources with respect to federal-provincial relations and natural resources was diametrically opposed to the policy of this government.

In fact, I can say this, and it would be too long to quote his words—

An hon. Member: What page did you refer to, please?

Mr. Chevrier: Page 1760. If I may, I should like to read the pertinent part of that statement. The present Minister of Northern Affairs and National Resources was then quoting what his predecessor, the Hon. Jean Lesage, had said in a speech, in Toronto. I quote:

> The fact that the British North America Act places resources under the control of the provinces is not a matter of accident or coincidence, it is rather a reflection of the basic facts of our national existence. Resource problems are generally regional problems or local problems and must be handled on a regional or local basis. Thus it is that the facts dictate, and our constitution requires, that our resource management be in the hands of the provinces. This is the framework and background in which we must see the problems of resource management and development in Canada. Accordingly, to advocate a "national policy" on a national basis as a responsibility of the national government is to misread the facts of our economy and the spirit and letter of our constitution.
>
> Mr. Pickersgill: Does the hon. gentleman agree with those views?
>
> Mr. Hamilton (Qu'Appelle): Those are the words of my predecessor in office and I am merely using them as an example of a policy that is diametrically opposed to the policy I advocate. I believe that statement by the responsible minister in the previous government lays down a philosophy which is foreign to the whole history of this country.

Well, Mr. Speaker, I urge hon. members to comment on that statement because to my mind, it is diametrically opposed to what they said during the election campaign.

(Text):

If I may, I should like to conclude my remarks by referring to another portion of the remarks made by the hon. member for Bellechasse. In referring to certain Liberals on this side of the house he said that they had been purged by the provincial Liberal party because they had deviated in their thinking from the party line. My hon. friend should have been the last one to raise this point and to accuse the Quebec Liberal party of being dictatorial because, after having served the Union Nationale and Mr. Duplessis for so many years, he should know in fact what is a real dictator. I venture to say that during those years he made no attempt to deviate from the party line and that if he had he certainly would have suffered the consequences.

As to the party that my hon. friend joined recently, I do not think it will have to make any purge because the Conservative members, in my humble opinion, will not dare to deviate from the party line. When the hon. member and his colleagues first came into this house it was clear that they were trying very hard to dissociate themselves from the Union Nationale party and I am sure they had good reasons for this.

An hon. Member: You are jumping to conclusions.

Mr. Chevrier: But as to this repudiation of an evident association that existed for some time and that was responsible in no small measure and in a large part for the election of a substantial number of members in this house, I do say this—

Mr. Pallett: Are you talking about Ontario or Quebec at the moment?

Mr. Chevrier: I do say that my hon. friends were not showing in that attitude much gratitude to the leader of their party in the federal house who was responsible more than anyone for their election to this house.

I must admit that at first we on this side of the house had some difficulty in understanding the position of our Conservative friends from the province of Quebec. We had difficulty because we realized how rapidly they were dissociating themselves from their old friends. But we began to understand the cause of their sudden shift in allegiance when we read *Le Devoir* during the last 10 days. When we read that newspaper we realized why it was our friends decided to run for cover.

However, we understood still better when we read the press reports of the speeches made a week ago Friday to commemorate the first anniversary in office of the Conservative party. According to the *Journal,* which I have before me, the Prime Minister (Mr. Diefenbaker), who spoke after the hon. member for York East (Mr. McGregor), is reported to have said that young members could learn politics in the raw from the hon. member for York East. What did the hon. member for York East say?

Mr. Pallett: He made a better speech than you are making right now.

Mr. Chevrier: In the first place, I doubt if my hon. friend understood much of the speech I am making and, in the second place, let us see whether or not he agrees with what the hon. member for York East said. I realize that hon. gentlemen do not like this, but I am afraid they will have to take it. The hon. member for York East said this to the Conservative members attending this function:

> Stay 100 per cent with the party, and do not say something in the House of Commons you will be sorry for later. Anybody who goes against the party is not going to get very far.

Well, that is a fair warning. No one took the warning more swiftly than my hon. friends from Quebec province. Here we now have a full explanation of the sudden shift of the Conservative members from Quebec. Some of them had served a very intransigent master in that province for many years, and they knew full well what it meant if they deviated from the party line. However, when they came to Ottawa as new federal members, they discovered that they had another strong master. They also learned very rapidly that they could not serve these two masters; that they had to make a choice. Well, today they have made their choice, and that is why they are so annoyed at us when we make statements such as I have made, and when statements were made not only during the debate on the speech from the throne but on the occasion of the budget debate concerning their association and their connection with the Union Nationale party.

Mr. Fleming (Eglinton): They are not annoyed, they are simply amused.

Mr. Ricard: Why are you so much concerned about it?

Mr. Chevrier: If you were not annoyed you would sit in peace and listen to what I have to say. The greatest proof of your annoyance is that the hon. member for Bellechasse interrupted, as he had a right on several occasions, and the hon. members to my immediate left are not even interrupting but are making loud noises that no one can understand.

I should like to say that before the general election our friends from Quebec made positive commitments to the population of that province on several very important and vital political problems, especially on the problem I have been discussing this afternoon, namely that of federal-provincial relations. Now that they have made their choice, now that they have decided to stay 100 per cent in the fold, 100 per cent with the Conservative party, I hope that they will rise in their places and make positive and precise statements on their new attitudes about these problems which so vitally concern the electors. I invite them, in all sincerity, to comment on the speech made yesterday by the minister of northern affairs. In my opinion, and I repeat it, that was one of the most centralizing speeches that has ever been made in this house. This speech was made despite the fact that during the course of the previous election campaign the Conservatives made it quite clear in their advertising, made it quite clear in their pronouncements that my leader, the leader of the Liberal party, was in favour of centralization, whereas the leader of the Conservative party and his colleagues were for decentralization. I hope hon. members who will rise in due course will indicate one instance of decentralization by the Conservative government.

If I may, I should like now to deal with a matter which I hope will not be as contentious or as offensive to my hon. friends to my immediate left. Since the March general election—

Mr. Johnson: Would the hon. member for Laurier permit a question?

Mr. Chevrier: Yes.

Mr. Johnson: Would he consent to the reading of the text of the speech?

(Translation):

Then he read the following in French:

I believe that statement by the responsible minister in the previous government—

(Text):

Some hon. Members: Order, order.

(Translation):

Mr. Johnson: No, I am merely asking a question.

(Text):

Some hon. Members: Order! Order!

Mr. Chevrier: Mr. Speaker, the answer to the request that I place on the record the words of the minister is that if my hon. friend wants to make a speech in reply to mine he can cite any part of the speech made by the minister. However, notwithstanding the subsequent words that he is asking me to mention, there is no doubt in my mind that those words, even if read, would not derogate one iota from the fact that was a centralizing speech.

I had started to say that there were other matters I wanted to discuss which I hoped would not be nearly as contentious as those which I had mentioned earlier.

An hon. Member: But just as serious?

Mr. Chevrier: Yes, I can tell my hon. friend that I am extremely serious in what I said. I have given careful thought to what was said, I have analysed as carefully as I could the speech made by the hon. member for Bellechasse, and it was after careful reflection and study that I came to the conclusion that the remarks made by myself applied to that speech.

If I may get back to what I intended to say on two occasions already, I should like to say that since the March general election the behaviour of the government has been mainly characterized by contradictions of the Prime Minister and a number of humiliations suffered by his ministers. I do not need to recall the sudden change in the Prime Minister's attitude on NORAD and the very difficult position in which he placed the Secretary of State for External Affairs (Mr. Smith).

Mr. Fleming (Eglinton): I rise on a point of order. It surely is the best known of all the rules of the house that it is not permissible, when one debate is closed in a session, to refer back to it later in the same session.

Mr. Habel: Especially when it hurts.

Mr. Chevrier: May I be heard on the point of order? I am not referring to the debate. I am not citing anything that has been said in an earlier debate. What I am commenting upon is the attitude of the Prime Minister with reference to one of his ministers, the Secretary of State for External Affairs. I submit, with deference, I have a right to do that, and to discuss any other matters of a general nature on the budget speech.

Mr. Speaker: Certainly, a very broad range is allowed in the budget debate. The hon. member has taken it and enjoyed it. His remarks refer to the relations of members of the government in another debate. The hon. member is proscribed from entering into a matter that has been settled, but I have not seen that, as yet, he is getting into the subject of a previous debate.

Mr. Chevrier: Thank you, Mr. Speaker. I was simply going on to say that I wanted to recall the sudden change of attitude of the Prime Minister with reference to NORAD and the position in which the Secretary of State for External Affairs was left following that decision, as well as the Minister of National Defence (Mr. Pearkes), both of whom found themselves in difficult and embarrassing positions because of the change of mind of the Prime Minister.

This also can be said in the field of trade. There the Prime Minister decided, after the election, to change his position with reference to the diversion of 15 per cent of trade. We all know of the discussions we had in this house with reference to that matter. We all know that following his trip to the United Kingdom the Prime Minister made his position in that respect quite clear; and notwithstanding the questions that we have asked on this side of the house repeatedly with reference to this 15 per cent diversion trade, we have received little or no information. The Prime Minister has changed his position suddenly with respect to the 15 per cent so-called diversion. But this time humiliation has been suffered by the Minister of Trade and Commerce (Mr. Churchill) who finds himself without any policy on trade.

Then we had the famous statement at the beginning of the election campaign about a special public works program. There was to be a tremendous public works program of one billion and some hundreds of millions of dollars. After the election, however, when the main estimates were tabled, it became

clear that such a special program did not exist and that the public expenditures for that purpose in 1958-59 were nothing more than the ordinary estimates. It became clear also that the Minister of Public Works (Mr. Green) was extremely embarrassed and that is why he tried at great length to avoid the point on the question and to stress housing. He was at great pains to show that this special housing program was going to be of tremendous benefit to the country, and I have no doubt that it will be of some benefit. But no attempt was made, either by him or by anybody else, to explain away the special program of public works announced in the early part of the election by the Prime Minister.

Then again there is the question of contradiction in the field of federal-provincial relations. Before the election there was the positive promise to decentralize. After the election and during this session not one measure is being introduced to this effect. In fact, the subject is not even mentioned. Here the most obvious victim is probably the Solicitor General (Mr. Balcer) who made it quite clear on one occasion that he did not approve the formula adopted by the previous government and that a different formula would be followed by the new government. However,—

Mr. Speaker: Order. I am sorry to interrupt the hon. member but I must advise him that his time has more than expired. I have allowed him a couple of extra minutes in view of the interruptions. Before he takes his seat I should like to give an opportunity to the hon. member for Bellechasse (Mr. Dorion), if he wishes to take it, to make correction of any wrong impression which he thinks was made with respect to what he had said.

(Translation):

Mr. Noel Dorion (Bellechasse): Mr. Speaker, if I may, I should like to stand before the seat next to mine, because I want to be heard as well as possible.

I first wish to thank the hon. member for Laurier for the importance he gave to my words and specially for the pains he took to be able to—

(Text):

Mr. Speaker: Order. Before the hon. member goes further, may I say that I am not giving him the floor to speak. I understood that he took exception to an interpretation put on something he had said. If he wishes to deal with that matter briefly, he has the opportunity now to do so but his remarks, of course, must be brief.

(Translation):

Mr. Dorion: Such being the case, if you will allow me, I shall wait until the text has been given me, and then, with the Speaker's permission, I shall see whether it is proper to make some remarks in connection with the observations made by the hon. member for Laurier.

Mr. Rouleau: You are not in Quebec here.

Mr. Dorion: Who said that?

Mr. Rouleau: The member for Dollard.

Mr. Johnson: It is his finest speech.

Mr. Dorion: They are the first words I have heard him utter.

Mr. Maurice Allard (Sherbrooke): I have two questions to direct to the hon. member for Laurier (Mr. Chevrier) if he would be kind enough to answer them.

Could the hon. member for Laurier tell the house what is the present position of the Liberal party with regard to the direct taxes referred to in paragraph 2, section 92, of the British North America Act?

Mr. Chevrier: If the hon. member will read my speech attentively, for obviously he did not listen very closely to my remarks, he will find the answer there.

Mr. Allard: I must say that this answer is not satisfactory.

My second question is this: the hon. member for Laurier mentioned the rental by the provinces of the field of direct taxation to the federal government during the last world war. Would he be kind enough to tell this house at what date, according to him, the war ended with regard to the rental of the direct tax field?

Mr. Chevrier: Mr. Speaker, this information may be quite easily found in the debates of this house by the hon. member if he takes the trouble to look up the official record.

(Text):

Mr. W. G. Beech (York South): Mr. Speaker, in rising to say a few words in this debate, may I first of all extend to you my congratulations on your re-election and my best wishes for a successful tenure of that high office. May I also add that we note with great satisfaction that you are living up to our highest expectations.

It has been suggested that as this is the budget debate, we must say something about the budget. While there may be some difference of opinion as to the merits of the budget, I believe that all hon. members of the house will agree—particularly in view of the fact that it was the first effort on the part of the Minister of Finance (Mr. Fleming)—that the presentation was everything that could be desired. As to the budget itself,

I think there is one aspect of it that should give comfort to every hon. member of this house. I refer to the assurance which it gives that there is not going to be an election this year.

Personally, I believe that it is a realistic budget. The important thing is that the people have the money to spend in order to pay their way. I believe that most people do not object to paying taxes as long as they have the money with which to pay them. Thus we have the money that is included in this budget and spent to bring about that result. I think that procedure is preferable to that of reducing taxes and then not making some provision to give the people the wherewithal to pay those taxes.

It has been suggested that the people should be allowed to spend their own money. I think most of us are in accord with that suggestion. However, it must also be borne in mind that the immediate effects of tax reduction will take some time to be felt whereas the program suggested by the government will place money in the hands of the people much more quickly. It has also been suggested by some hon. members of the opposition that while deficits were all right during the war years, they are not so good in peacetime.

I should like to submit that we are at war; we are at war with unemployment and while the estimated deficit may give some cause for alarm, it should be remembered that it is only an estimate and if the money being placed into the economy by the government's plan has the desired effect, then I am sure those fears will be unfounded. It is to be expected that there will be some who are disappointed with the budget. As a matter of fact, I may say that I am disappointed at being unable to find provision in the estimates for a project which concerns my own riding.

The riding of South York, which I have the honour to represent, had a problem for as many years as I can remember. It concerns a little matter of recognition, or lack of recognition, by federal governments down through the years of this most historic riding. Here we have a township with a population of 120,000 and the village of Forest Hill with another 30,000 inhabitants. Neither of these great municipalities have a federal office of any kind. It is true there are some sub-post offices tucked away in grocery stores or other like establishments but these do not provide the facilities which the residents of such municipalities have a right to expect, and which are available in much smaller communities.

For over 20 years departmental officials have been telling us that the post office facilities are perfectly adequate. Today, despite the fact that the population has doubled, we are being told the same thing. The other day, however, a prominent citizen walked into one of these sub-post offices and asked to register a letter. It was ten minutes after twelve noon and he was told he could not do so because the postmaster had gone out to lunch. He came back at ten minutes after four but was told it was too late because this post office could not accept registered mail after four o'clock. All this in a municipality of over 100,000 people which in two world wars had the highest per capita enlistment in Canada and which contributes millions of dollars in taxes each year to the federal coffers. It is not very flattering to these citizens to know that they have to go outside their municipality to secure the services of a federal department and they are hoping that this government will take immediate steps to correct this unfair and ridiculous situation.

It was very interesting to listen to the hon. member for Bonavista-Twillingate (Mr. Pickersgill) read his long list of requests during the debate on the estimates of the Minister of Public Works (Mr. Green). These requests indicated to me that the hon. member had in fact neglected his constituents while he was a minister of the crown. There seems to have been a tendency on the part of some former ministers to become so engrossed in the business of running their departments that they forgot about the constituents who elected them and the constituents of other members whose election made it possible for them to be appointed as cabinet ministers. I believe this helped in no small way to bring about the defeat of the Liberal government and I sincerely hope this government will not make the same mistake. I would like to congratulate the government on the forthright manner in which it has tackled the housing problem and upon the introduction of these additional funds into the economy. This has certainly played a large part in checking the current recession and will eventually bring about a return to prosperity in this country.

It is, however, about another aspect that I wish to speak, and that is the fact that thousands of Canadians are now being provided with homes which are more in keeping with the standards which should obtain in this country. There is no doubt that the high price of land is the reason for most of the increase in the cost of housing, particularly in urban areas. Nor can it be denied that most of these higher prices have been brought about by the operations of land speculators. The unearned income created by such speculation must in the final analysis be paid for by the purchasers or the tenants

of the homes erected. This burden in addition to the already high cost of housing has had the effect of increasing the percentage of income now being paid for shelter to the point where it is uneconomical and is forcing our citizens to do without the services, appliances and sometimes the food necessary to maintain a decent standard of living. The payment of these considerable sums of money into channels for which there is no adequate return is having a detrimental effect upon our economy and is one of the main reasons for the present recession.

In addition, I would suggest that various levels of government should investigate the possibility of the imposition of a land tax to discourage the holding of lands for speculative purposes. Such taxes have proved most beneficial in some of our western cities, in Australia, New Zealand, Denmark and other countries. There is no difficulty for the people who have the money to pay for them to obtain homes, but the government has now taken steps to make homes available for those in the lower income brackets who find it difficult, if not impossible, to obtain homes on the open market. The reduction in down payments, the increase in the percentage of income to be paid for shelter and the provision of public money for low cost housing have been responsible for a considerable increase in this type of housing. However, despite the fact that homes are being built at the rate of 180,000 per year as compared with 86,000 this time last year, there are today fewer homes for sale than there were at this time last year. There is an ever-increasing need to take care of the backlog and the demands created by new family formations and immigration.

Building under the limited dividend section of the National Housing Act has been greatly accelerated by the government; in fact there has been more building under this section during the last year than was done by the former government since the inception of Central Mortgage and Housing Corporation. As a matter of fact, I have some figures which show that out of 2,742 units built for elderly persons since 1946, 1,416 were built in 1957 and out of a total value of $13,757,856—that is the value of homes built for elderly persons since 1946—$8,006,182 was spent in 1957. This would indicate how this type of housing has been accelerated by the present government and we are given to understand that this acceleration will be even greater during the current year.

There is another provision under this section of the act which is not too well known and which I believe should be given far more publicity. I have in mind the section which makes it possible for limited dividend companies to erect rental housing for low income groups such as elderly persons or those living on old age pensions or low fixed incomes. Under this section service groups such as the Canadian Legion, Rotary and Lions' clubs and similar organizations, may form companies to build homes for elderly persons by providing 10 per cent of the equity with the federal government putting up the other 90 per cent. Some provincial governments make outright grants to such projects and in most cases the municipal governments pay all taxes over and above a certain amount so that a fixed rent may be charged during the period of amortization. Time will not permit me to go into details with respect to these projects but Central Mortgage and Housing Corporation have all the information and, as a matter of fact, are preparing a new brochure which they are willing to make available upon request.

These projects are a challenge to every service club worthy of the name and existing projects built by the Canadian Legion and other organizations in various cities across Canada are shining examples ot what can be accomplished in this regard, and I commend them to all those with a sense of community service.

There are thousands of these senior citizens living in attics or back rooms, or living with their sons and daughters many of whom have difficulty paying the way for their own families, with a resulting feeling on the part of the old folks that they are not wanted. These projects take these people who have played such a large part in the development of our country and place them in self-contained homes with their own front doors; tenants pay their own rents and live out their lives together in comfort and security. Anyone who has visited these projects cannot help but be impressed by the happy and contented people who occupy them and I feel sure that several years are added to their lives.

The Metropolitan Housing Company of Toronto has erected several projects for metropolitan Toronto—as a matter of fact it opened a new one last Friday in Scarborough —and other municipalities have similar developments in progress, and it is on behalf of all those interested in such projects that I urge the government to give consideration to fixing the interest rate on new projects at 3 per cent. My first reason for asking this is the immediate need of the tenants concerned. Secondly, it is essential, in order to maintain the character of these projects, that the rents should be kept as low as possible, and I believe the ceiling of $40 per month originally set by C.M.H.C. was plenty high

enough. If rents go beyond that figure there is a danger they may become competitive in the event of a levelling off in the cost of real estate.

It is with this in mind that the sponsors are anxious to do everything possible to keep the rents down to a minimum, and to this end most of the projects sponsored by service clubs are operated by non-profit companies which do not take advantage of the 5 per cent profit allowed under the act. The grants made by provincial governments are not used to reduce the equities of the sponsors but are used to reduce the rents. Municipal councils make grants to cover taxes for the same purpose.

When Beech-Hall was first proposed, the interest rate was only 3 per cent and we were budgeting for a rent of $27 for the bachelor apartments and $33 for the extra bedroom. By the time the planning was completed the rate was up to 3½ per cent and the rents had to be increased to $29 and $35. The rate on other projects subsequently climbed to 4½ per cent and the rents jumped accordingly. The rate is now 4¼ per cent. It may be said that the federal government makes its contribution by making the money available but actually it gives nothing as the money advanced is paid back in full with an interest rate that pays for the costs of borrowing the money and administration.

These projects have proven their worth and I believe this government should encourage sponsors by indicating in a tangible way its interest in this type of housing. There are two ways of doing this. First, by pegging the interest rate and, second, by making the loans equal to 90 per cent of the cost of the project having in mind that contractors and plans must be approved by C.M.H.C. before loans are considered.

I believe there should be one of these projects in every community where there is a problem of housing elderly citizens, and I would urge every hon. member of this house to study this legislation and promote this type of housing among the service groups. I can assure the house from personal experience that there is nothing that will give greater personal satisfaction and create more happiness amongst those citizens in the sear and yellow leaf of old age who deserve all we can do for them.

Mr. Alan Macnaughton (Mount Royal): At the outset I should like to commend the Minister of Finance (Mr. Fleming) on the hard work he has undoubtedly put into his budget address. I am quite sure he would not expect me to continue my congratulations much further.

In his analysis of the economic conditions and prospects I was startled to hear him say, as reported at page 1235 of *Hansard*: "There are hopeful signs that we have reached the end of the recent decline." And, further on, he said: "I have no hesitation in budgeting on the basis of a resumption in the rise of incomes and production."

I should like to ask the Minister of Finance whether in the light of present day conditions this was not, surely, an over optimistic statement of the situation we have in this country at the present time. I think it is much more accurate and much more factual to use the words which the opposition has used in its amendment to the effect that the government in its budget proposals—and I summarize briefly—has failed to cope satisfactorily with the problem of the recession in spite of the largest peacetime deficit in Canadian history, that it is moving toward greater trade restriction at a time when other countries of the western world are moving in the opposite direction. In fact, the economic policy of this government is still very uncertain. In the June 21st issue of the *Economist* under the heading "Canadian Tories First Budget" we find these words referring to the hon. Minister of Finance:

> He took slightly more than two hours to present his first budget which involves the largest deficit Canada has had since the war. Statisticians are still arguing about how long the statement would have been without the platitudes, but it is an unrealistic argument since the fact that the Conservative government has still not determined its economic policy could not have been concealed without them.

It is incredible but true that this government is not imposing its will on economic conditions. It is submitting to them. Nowhere in the budget speech did I see any policy of action outlined which would attempt to secure full employment, a stable dollar and to ensure the economic growth of the country. There is no statement of economic policy, but only a policy of drift.

We have a deficit because it is fashionable to suppose that deficits cure unemployment. But a deficit does not by itself cure unemployment any more than an investment is bound to yield dividends and profits. The businessman knows how carefully he must be in planning his investments, managing his capital and directing his operations, to be successful. In the same way a government, if its objective is to incur expenditures in order to increase employment, should plan those outlays so that they will give employment. It is one thing to have a budget deficit which has been incurred deliberately to create new jobs; it is quite another thing to have a deficit or loss on current account. The government is operating at a loss and it is a loss which has not itself created any new jobs. Nowhere do I see any evidence

of planning. Nowhere do I see any direct relationship between this deficit and any overall planned make-work projects. I do see, however, a rather smug and happy acceptance of this large deficit—unplanned but welcome—this policy of drift.

One of the ends of economic policy is to provide business and the country with confidence in the value of its dollar. In fact, there is every indication that the government's need for additional new funds—$3,400 million of which $1,400 million is new money—will force the creation of new money and cause another disastrous inflation. And yet, in his budget speech appearing in *Hansard* at page 1234 the Minister of Finance said:

> Inflation remains a very real danger against which we must remain on guard.

Referring to Canada's large deficit we find the following words in the *Economist* of June 21:

> Since trade and tariff policy are still left completely indeterminate by the budget speech, with some things for all men, Canadian attention is more attracted by the size of the deficit. Even that is not genuine. Mr. Fleming declared it to be $648 million, with additional new financing to cover loans and advances amounting to $1,400 million in the fiscal year. This is by long odds the largest program of public financing undertaken by Canada since the war. Three hundred and fifty million dollars of new money has already been raised in connection with the refunding operation on May 1, and none of it has come out of public savings. It is fully covered by the increases in bank deposits which the Bank of Canada has engineered. In the experts' view, "it is a matter of nice judgment how much of the remaining financing should be achieved by expanding bank deposits," or—as one investment dealer remarked—by the modern and sophisticated method of printing new money.
>
> The reason why the deficit figure of $648 million is not genuine is that Mr. Fleming has laid hands on a nice little nest egg which the Liberal government had preserved since 1950. It is known as the "National Defence Equipment Account". It consists of credits given to the armed forces for the replacement of equipment left over from the second world war that was given to NATO countries. It gives Mr. Fleming an additional $165 million which he does not have to show in the budgetary accounts, and helps to conceal the full extent—more than $800 million—of the expected gap between revenue and expenditure this year.

We all know the end result of inflation is the destruction of personal savings and the value of our dollar. Here again the government seems to be waiting on events. This is a policy of drift.

I should like to refer for a few brief moments to the economic growth of this country. I believe it is well understood among us that Canada's economic growth depends on capital investment and the strength and buoyancy of its export industries. Capital investment in Canada this year will be less than it has been for several years past. There is no doubt that part of this decline can be attributed to uncertainty among businessmen concerning government policy, or as would be more correct to say, the lack of any overall economic policy. Investment decisions can only be made when business has every confidence in the economic policy of the government.

Planned capital expenditures are declining more rapidly than current expenditures. Where are any new large scale projects such as the St. Lawrence seaway development, the Aluminum Company's Kitimat development, the trans-Canada pipe line construction and the iron ore developments in Labrador and Ungava that gave so much impetus to the economy. All of these projects which are now completed or nearing completion served to strengthen Canada's transportation and industrial growth.

When we undertake to divert trade or impose tariff barriers we are making things very difficult for our export industries. Nowhere in the budget has there been any indication that the government has been even remotely concerned with the problems of our export firms. The *Financial Post* in its June 21, 1958, issue under the heading "Nation's Business —The New Budget" had this to say:

> One of the most astonishing assertions in the budget speech is that which, by implication, declares our export industries to be of little or no importance. And here we refer to Mr. Fleming's satisfaction with the continuing premium on the Canadian dollar over the American dollar.

Mr. Fleming (Eglinton): May I ask my hon. friend where in the budget speech he will find any warrant or justification whatever for the extraordinary statements made in the editorial he is now reading. Apparently the editorial is written by someone who did not read the budget speech.

Mr. Macnaughton: I certainly have read the budget speech.

Mr. Fleming (Eglinton): My hon. friend misunderstood me. I was referring to the author of the editorial.

Mr. Macnaughton: I have been discussing the export industries of Canada. We have heard a great deal about industrial growth and development inside Canada but as the fourth trading nation of the world we depend to a very large degree on the maintenance in a healthy condition of our export industries and that is what I am discussing at this moment. The editorial continues:

> The economics of exchange rates and bond prices and interest rates are complex and Mr. Fleming would have done well to have taken some experienced advice in preparation of his speech.
>
> The fact is that Canadians can't possibly consume all our base metals, aluminum, pulp and paper, etc. etc. We are inescapably an exporting nation. The size and prosperity of our exports is intimately linked with our national prosperity and progress and on the recovery of our export trade depends

our recovery from recession. But Mr. Fleming defends the continued high premium on the Canadian dollar, and by implication a policy of maintaining such higher interest rates on Canadian bonds than are current in the United States.

In combination, these policies doom all our vast and important export industries to continued hardship. There will be continued upward pressure on the Canadian dollar rate (because of the continued inducement to the inflow of foreign capital).

Furthermore, they virtually doom the Canadian provinces and municipalities (which have so much financing to do) to pay more for their money than they should at a time when their spendings are looked to hopefully (even by Mr. Fleming) as a useful stimulus for hoisting our economy out of recession.

Again I say that the present government seems to show no concern with the problems of the export industry. Twenty-eight years ago the Tories ignored the exporters of this country and plunged the nation into a greater depression than ever. The late prime minister Bennett erected a tariff wall around the country and then proceeded to blast his way into foreign markets. He did not succeed. Today our export industries are the greatest factor in our industrial power. To damage them is to create greater harm than was possible 28 years ago.

I am bitterly disappointed to note that nowhere in the budget is there any concern with, or even awareness of, the problems which are facing us, namely tough competition and the precarious position of our export industry. In addition to our traditional rivals in the race for world markets we are now being faced with the tremendous competition of a reviving Germany and Japan and a startling and effective new development in western Europe, the Benelux union, in the form of group competition; and when we add to this the competition which is certain to come from Russia and her bulk trade policies we can see that the competition which our industries will face in their attempt to hold and expand their markets will be beyond anything we have seen thus far.

It is obvious, then, that our own export industries will only maintain and expand their markets if they are given the necessary economic support. By that I mean no roadblocks in the form of restrictive tariffs and a firm and stable dollar.

Why has the government not expressed its concern with these problems? Why has it not brought down policies designed to assist our export industries in maintaining their position? What is the government's answer to the give-away programs of the United States, to the proposed European market and to the bulk trading policies of Russia? So much was said by the Minister of Finance, Mr. Speaker, and yet so little was indicated. With every other country planning for trade expansion why are we planning trade diversion and restriction? I submit that this is no time to revert to a restrictive policy of protection and a policy of drift.

If I have time I should like to speak briefly about foreign investment in Canada. In his remarks as recorded at page 1237 of *Hansard* the Minister of Finance said:

Canada's rapid economic growth of recent years could not have been sustained by Canadian resources alone, and the large capital influx and the accompanying large trading deficit, reflect the extent to which we have had to draw on foreign resources to accomplish our spectacular economic progress.

So much was said during the last election about the dangers of foreign investment that perhaps a few words about the benefits of foreign investment might be in order. Let us take a quick look at the reasons for the economic development of the United States because to a considerable degree the same conditions apply to Canada. It is true that much of the success of the United States was due to the good fortune of having a vast continent, plenty of natural resources, people imbued with the spirit of private enterprise and people equipped with skills and the political maturity to use those advantages.

But this was not the entire reason for the successful economic development of the United States. The United States was also aided in the 18th and 19th centuries economic development of their country by foreign investment from that source of capital which in those days was the outstanding place for obtaining capital investment, namely Europe. By 1860, for example, the European investors had invested in the United States $700 million in railroads, factories, enterprises of all kinds. By 1900, European investors had poured in $3 billion more, and it was mainly British and European money and capital which built the United States roads, factories and railways, which developed her resources, opened her markets and financed her trade.

Did the United States fear British and European domination? Are they in fact now dominated by the British and European capitalists or capital money? I ask this question: does this Tory government really fear United States investment or do they lack confidence in the Canadian ingenuity, enterprise and imagination to make use of these funds to build our industries, develop our resources and open up our markets? Because with these funds we can increase our own industrial might and out of enhanced income which all Canadians will enjoy we can pay the small dividend or interest return which investors have a right to expect and still set aside enough to buy back or redeem those securities.

As we grow richer we ourselves will invest more in other less-developed nations and

acquire more of our own assets held by people outside this country. United States investment has brought a great deal of know-how and the advantage of science to this country. We are now equipped to compete in markets that were at one time beyond our reach. The alert, the proud, the strong and the aggressive do not fear change; they make the most of it. They profit by it and so will Canadians.

The bulk of United States money which is spent in Canada is spent in employing Canadian labour, using Canadian supplies, and many new industries which it has created, create in turn a whole host of small businesses that supply it or spring from it. I am thinking of one oil company which established itself in the eastern portion of Montreal a short time ago and which, among other things, decided to manufacture alcohol from gasoline. In consequence the price of alcohol was reduced considerably for industrial purposes, much to the benefit of local industry. Or putting it another way, the United States capital generates a demand for Canadian goods.

A good example of a United States-controlled company and how its income is spent in this country is to be found in the annual report of Imperial Oil Limited, 1957, at page 20 under the heading, "Disposition of Each Dollar of Income". There we find, assuming that we take $1 of income earned, the cost of purchased raw materials, including freight —and I give the round figures—is 55 cents; operating and administrative expenses, 22 cents. Ninety-nine per cent of the operating and administrative expenses is probably paid to Canadian employees. Depreciation is given at 4 cents; taxes, 9 cents; dividends, 4 cents; earnings retained and used in the business, 3 cents. It is interesting to note that the government received twice as much in taxes, with no equity interest in the company at all, as did the shareholders who owned the company.

We all know the reasons for the desire of foreign capital to invest in this country, namely the political stability of the country, the wealth of our natural resources and the managerial ability of our people. To me it is very clear from the present budget that Canadians have not the money in sufficient quantities to meet the demand for capital investment in this country.

The point is that when the Minister of Finance states that he will need to find or refund this year money to the extent of $3.4 billion, that is to say, $1,400 million new money and $2 billion for refinancing purposes, where are we likely to find another $6 billion for capital investment in plant and equipment if we do not resort to foreign capital? The Montreal *Star*, in its issue of Saturday, June 21, under the heading "Effects on the United States of Fleming Budget" goes on to say in part:

> Mr. Fleming outlined various steps which the government proposes to take, and undoubtedly this will be the part of the budget which will receive most attention in Washington.
>
> What are these steps?
>
> (1) "We intend to press for wider access on reasonable terms to the United States market".

This is really a quotation from the budget address. I continue:

> (2) "We will encourage the United Kingdom, the commonwealth and other overseas countries to seek out wider opportunities to supply Canadian import requirements . . . on the basis of normal market forces."
>
> (3) "We will continue to foster the growth and diversification of efficient Canadian industries so that a constantly larger supply of our requirements may be met economically from domestic production."
>
> This can be an effective suggestion. When a government says it will foster industry in order to give domestic producers a larger share of the home market, it has the power to do it—by import quotas, by import licensing, by embargoes, by subsidy and by tariffs. There are many weapons to hand.

Then, in the last paragraph, referring to Washington:

> They will therefore concentrate on the implications of Mr. Fleming's third point to the effect that domestic producers are to be given more protection. They will remember too that the new anti-dumping legislation is to be discriminatory. They will not be too happy about any of it, and it would not be surprising if they began to plan some counter-campaign of their own.

Therefore, I say that the protectionist policy can sometimes be justified to protect infant industry, but does the present government not realize that we have long since grown out of this stage of infancy in this country? How can the fourth trading nation in the world justify this attitude toward our export industry? Again, I say this budget is not a budget of action but only a policy of drift.

I would like to return very briefly to trade with the United Kingdom. When the Prime Minister (Mr. Diefenbaker) suggested that we should divert 15 per cent of our trade from the United States to the United Kingdom did he ever really mean this? Certainly the British thought so and they offered him free trade. Again, the *Economist*, on June 21, referring to this matter, had this to say:

> One thing that remains quite mysterious is in which direction the government's trade policy is aimed. Mr. Fleming made an impassioned case—all his utterances tend to be impassioned—for reducing "the chronic trade deficit with the United States." Yet he and the Prime Minister, Mr. Diefenbaker, still insist on regarding the British offer of free trade as though it were an improper suggestion. The Canadians have not yet digested Mr. Macmillan's pointed and twice-repeated declaration that the proposal "lies on the table for

consideration either in whole or in part". On present form, the Diefenbaker government will again pretend, ostrich-like, that he never said it.

Certainly, the people are entitled to ask, where do we go from here because now we see the pattern of tariffs and protectionism evolving with this increase in the tariff wall. Here we are back again with the old Tory policy of privilege and protection, taking care of selected industries and injuring the whole nation. And now when one group has succeeded where will it stop? What about the other groups lining up at the door asking that they be given subsidies or protection? Again I ask the question, will England reply, will she retaliate? Here are the facts. Exports to Great Britain in 1957 were approximately $742 million, while imports from Great Britain in 1957 were approximately $522 million. Consequently, there is a difference in our favour of $220 million a year.

If we are going to adopt this policy of tariff protection, then why adopt it towards a country with whom we have a favourable trade balance? Great Britain is already paying more than we do. Do we want to make the terms of trade with Great Britain worse? Do we want to improve them? Then, I also ask the question, will the United Kingdom save the dollars she cannot earn by buying from Russia some pulp, paper, aluminum and asbestos? Will she buy her minerals some place else? Will she buy wheat elsewhere, which she can easily do in this world situation of excess supply? The cost of yielding to pressure groups must be borne somewhere. The strong export industry on which Canada depends will suffer. Which industry, which companies will suffer only time will tell. We do not know at present. So I ask, when the whole world is moving slowly towards freer trade is Canada, whose present and future standard of living depends upon exports, to reverse that movement?

We shall regret this trend towards protectionism. Our copper and nickel industries are having a tough time, but their position can be more difficult if their customers buy elsewhere. The pulp and paper groups are not working at capacity, and could be further damaged by a decrease in Britain's purchase of forest products from Canada, while increasing her purchases of these products from Russia and Scandinavia. As we all know, recently Russia has taken orders in Great Britain away from our own aluminum industry. We all know how much our agricultural community depends on British markets for the sale of their wheat, barley and other grains. A stiffening in the British attitude could very easily reduce our total exports of these agricultural commodities. This could easily result in a substantial loss to our farmers in the west.

What do the British think of this budget? I have already indicated the reaction of the *Economist*, so let me refer now to the *Financial Times* of London, England, for June 19, and to the editorial entitled "Regrettable Decision".

> The budget itself is relatively unexciting and makes no change in personal or company income tax rates. Its main feature, in fact, is a highly regrettable one—an immediate increase in tariffs on wool cloth imports from Britain, from the present 50 cents to 55 and 60 cents a pound.
>
> This decision to raise tariffs was not completely unexpected. Mr. Fleming introduced a fortnight ago a report of the tariff board which recommended increased protection for the domestic wool fabrics industry and announced that its recommendations would be very carefully studied. It seemed legitimate, however, to hope that no action would be taken at least until after the commonwealth conference in September—particularly when the board of trade sent a message to the Canadian government expressing serious concern that no harm should be done to this very important British export to Canada and drawing attention to the inconsistency which existed between the tariff board's recommendations and the wish of both governments to increase trade between their two countries.
>
> The Canadian government's decision to ignore these representations will inevitably have a depressing psychological effect on the movement towards closer Anglo-Canadian trade relations. The Diefenbaker administration is committed to increasing Canada's imports from Britain, yet its first measure in the field of trade has been to impose a sharp tariff increase on imports from Britain—not from her competitors—worth some £12 million a year. This action has been taken, moreover, against a British industry which has already suffered severely from the U.S. protection to which Canada objects so bitterly.

There is one last point I should like to make. I have said before that we are the fourth trading nation in the world. This is no mere boast but an economic fact of great consequence to all Canadians because our standard of living depends upon it. The gross national product means the total output of goods and services. Canada's gross national production in 1957 was $31 billion. Canada's gross exports of goods and services to all countries amounted to approximately $6,375 million or 20.3 per cent of the gross national product. Comparing this 20.3 per cent with the figure for the United States, whose gross exports to all countries amounted to approximately five per cent of its gross national product, it becomes clear that we, of all the nations in the world, should be the most concerned about trying to free the channels of trade. If we wish to maintain and keep our high standard of living, then we must encourage the freest possible channels of trade.

Now perhaps a comparison with other countries in different stages of economic

development will illustrate my point very clearly. If you were to add the exports and imports of a country together, and divide the total by the total population, you get a per capita figure of total trade. On this basis we find, taking the international monetary fund figures, that Canada has a per capita trade of $712.88; the United States, $204 per capita; Mexico, $63.80 per capita; Burma, $22.31 per capita; Ethiopia, $6.30 per capita. I should point out in passing that the big difference between Canada and the United States in per capita trade is due to the tremendous population in the United States.

However, put in other terms the Canadian is four times as vulnerable to fluctuations in international trade as is the resident of the United States. Therefore, I say that we should be four times as careful about disturbing international trade because the impact will be four times greater on us. We have the most to lose by any decline in world trade. Now let us not in any way accentuate it by slapping our best customer, the United States, in the face by talking of a 15 per cent trade diversion and then by attacking our second best customer, Great Britain, by increasing the tariff on wool and making it difficult for us to get together.

Therefore, I maintain that this first Tory budget leaves Canadian economic policy still very uncertain, with no steps being taken to halt inflation; fails to cope satisfactorily with the problems of recession; incurs the largest peacetime deficit in Canadian history, without any basic plan for curing unemployment; and indicates a decisive swing to protectionism at a time when other countries in the western world are moving in the opposite direction. This is indeed a budget of inaction and a policy of drift.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, having now, like former ministers of finance, sat through a budget debate, at the close of its seventh day, I have some appreciation, as I am sure they had, of what it means to be a captive audience. At least when the speeches are equally divided in number, as in this debate, between government and opposition the Minister of Finance listens to half which belabour him and his budget. It has been at least an interesting experience, Mr. Speaker. I rejoice now to feel free to make a comment on the course of the budget debate and some of the things that have been said in that debate by hon. members opposite.

I have heard a good many budget debates and I think that this one deserves to be regarded as unique because clearly the opposition speeches have had nothing of a constructive nature to put forward. Never, I venture to say, have the opposition speeches in the course of a budget debate been marked to the extent that these have with inconsistencies and a virtual welter of contradictions.

Something has been said in the course of this debate from time to time about speeches being read and there have been references to speeches being written for Liberal members by Mr. MacEachen. All I have to say is that one man could not have written all the speeches that were delivered by the opposition in this debate because there have been so many clear inconsistencies, so many contradictions.

Here we see the Liberal opposition, now more than three months after election date, still going on fighting the last general election. Mr. Speaker, when are they going to reach the point of recognizing the fact that the people did speak on March 31, that that is the starting point and that from that point on they should guide their course and not be going back and trying to fight the general election all over again. Their procedure in terms of usefulness to parliament now becomes a waste of time. Let us now have from hon. gentlemen opposite something constructive.

The second feature that has impressed me is that, notwithstanding some things that I shall have to say in the course of my remarks, there has not been a suggestion from hon. members opposite of the means of saving one dollar. Not one hon. member opposite has put forward a suggestion for saving even a single dollar.

Mr. Speaker, you have heard incessantly from hon. members opposite discussions of dominion-provincial relations. It is quite true—and there is no secret about it—that I did not discuss dominion-provincial relations in the course of the budget speech. The reason was perfectly obvious. If hon. members opposite had wanted a reference or discussion on the part of the Minister of Finance to dominion-provincial relations they certainly would have had it had they not chosen to foreclose that course on the part of the minister. For Mr. Speaker, it will not be forgotten, I trust, that on June 2 no less a person than the Leader of the Opposition (Mr. Pearson) himself on a government supply motion introduced an amendment dealing with the very subject. May I recall to you, sir, the words of that amendment. They are found at page 733 of *Hansard* and read:

> This house regrets that the government has failed to call a federal-provincial conference to discuss unemployment and other urgent problems of common concern to federal and provincial authorities; and that the government has failed to give assurance that it would maintain or improve the principle of equalization of direct tax revenues of the provinces embodied in the existing law.

You will recall, Mr. Speaker, that on that day and the following day there followed a two-day debate on dominion-provincial relations. In the face of that I must confess that I feel—and I say this with all humility—greatly flattered that, after listening to my remarks in the course of that debate, hon. gentlemen opposite should deplore the fact that I did not give them a repetition of the same speech when I spoke in the course of delivering the budget two weeks ago tonight. It is subtle flattery. We have had so much time spent on this subject that it seems to me as though it is the only thing that hon. members opposite think they have to talk about.

We had an extraordinary speech this afternoon from the hon. member for Laurier (Mr. Chevrier). He undertook to say of a speech made in this house yesterday—and of course he had no right to refer to it—that it was the most centralizing speech heard in the Canadian parliament. The hon. member for Laurier ought to know the meaning of the word "centralizing". But if the truth is told, the fact is that there never was a less centralizing speech made in this house than the speech made by my colleague the Minister of Northern Affairs and National Resources (Mr. Hamilton) yesterday. Are these the words of a centralizing speech?

> We believe that the resources of Canada belong to the provinces and that we operate in the territories to the north of those provinces only in the sense that we hold them in trust for the people who will live there in the future.

Does that sound like a centralizing speech? To me it sounds like a speech which suggests the fullest degree of recognition of the rights of the provinces under the constitution of this country. If that were not enough, there is more; listen to this:

> That explains why this government on many fronts is offering co-operative plans of resource development with each of the provinces in order that they may best be able to develop their own resources and best look after themselves. There is no question whatever of infringement on constitutional responsibilities. In fact, we lean over backwards in an effort not to force our will in any way at all even to the choice of roads or any other project on which we are co-operating.

Mr. Martin (Essex East): What page is that?

Mr. Fleming: (Eglinton): Mr. Speaker, that is to be found at page 1761 of *Hansard*. Far from being a speech justifying what was said of it by the hon. member for Laurier, it contradicts in the flattest terms the charges that were so improperly and so unfairly made this afternoon by the hon. member for Laurier.

Mr. Chevrier: They were not improperly or unfairly made.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): There is proof. The hon. member can talk about centralizing but if he will look at what was said and not content himself with using adjectives that have no relation to the fact, he will learn, I hope, in time what "centralizing" means.

Mr. Chevrier: Let me tell my hon. friend that I will not learn anything from him.

The Acting Speaker (Mr. Rea): Order.

Mr. Fleming (Eglinton): I say this to the hon. member and to others opposite. When they attempt now to adopt the provinces, I would tell them that the provinces are of full age and that the provinces have not chosen to be adopted by those who treated them so harshly when they sat in the seats of government. The provinces know that had there not been a change of government a year ago they would still be forced to carry on with the provision made under the federal-provincial tax-sharing arrangements act which, when it was legislated in this house, we said was inadequate and was unfair to the provinces and to the municipalities. That is why, in fulfilment of the undertaking given then, we moved as we did at the last session of parliament to ease greatly the financial burdens of all the provinces of this country, and in particular the four provinces in the Atlantic area.

Mr. Pickersgill: Would the minister permit a question?

Mr. Fleming (Eglinton): No; I am under pressure and my time is limited. When the hon. member for Laurier today seeks to turn the House of Commons into a debating society in order to discuss Quebec provincial politics all I have to say to him is that when he speaks about Conservative members running for cover, I should like to ask him what he has to say, speaking of running for cover, about what happened in the last election campaign when neither the hon. member for Essex East (Mr. Martin) nor the former hon. member for Coast-Capilano, both members of the former Liberal government and one of them a candidate for the leadership of the Liberal party last January, used the word "Liberal" on any of their advertising.

Mr. Chevrier: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Fleming (Eglinton): I was in both of those constituencies in the campaign and, believe me, I took careful note of the billboards. I could not find the word "Liberal" on one of them.

Mr. Pearson: I thought we were not supposed to fight the last election all over again?

Mr. Fleming (Eglinton): Another feature of the budget debate is that thus far the magazine tax has not once been mentioned. There is a conspiracy of silence opposite. There is embarrassed silence, of course on the part of those who were the fathers of this tax. Where is the father? The child is here waiting, claiming a parent; but the parent has fled. Silence prevails. Hon. members may run away from this child of theirs. They may regret the paternity of this ugly duckling. But while they can ignore it in debate I can assure them that they will have an opportunity of voting on the issue and there will be no avoiding that opportunity.

I have one final comment of this preliminary nature. It is with regard to gold. No hon. member of this house has yet said a word expressive of even the slightest measure of disapproval of what we have proposed by way of an increase in assistance under the Emergency Gold Mining Assistance Act. But among those who have importuned the Minister of Finance in the last year on this subject have been the hon. member for Villeneuve (Mr. Dumas) and the hon. member for Timmins (Mr. Martin). Did they express joy that the government had moved to increase assistance by 25 per cent?

Mr. Habel: Yes; they did.

Mr. Fleming (Eglinton): No, they were withholding their comment. They were not going to be heard as expressing approbation. All I have to say on this subject is that I hope their constituents will take note that this increase in the assistance under this act apparently kindled no enthusiasm or appreciation in the minds or the bosoms of their respective members.

Mr. Pearson: It is the next election which the minister is fighting now.

Mr. Fleming (Eglinton): I know that the hon. gentleman is shaking in his boots at the very thought of the next election.

In a matter of 24 minutes we shall be voting on the following amendment introduced on behalf of the official opposition by my friend the hon. member for Kenora-Rainy River (Mr. Benidickson). This amendment invites the house to condemn the government in these terms:

> This house regrets that the government, in its budget proposals, has failed to cope satisfactorily with the problems of the recession—

That is No. 1.

> —in spite of the largest peacetime deficit in Canadian history—

That is No. 2.

> —that it is moving towards greater trade restrictions at a time when other countries in the western world are moving in the opposite direction.

That is No. 3.

If this amendment has any significance then I think it attempts to belabour the government on three issues and it is those three issues which I now propose to discuss.

We are told in the first place that the government ought to be condemned because it has failed to cope satisfactorily with the problems of the recession. Let us get some facts straight.

This budget—and I tried to make this very clear—was compiled in a spirit of confidence in Canada and in Canada's future. We believe that confidence is not at all divorced from reality; it is a confidence based upon incontestable evidence, and that evidence I endeavoured to set forth. I gave chapter and verse—our expectations of an increase in the gross national product; our exports for 1957; an all-time Canadian record with the exports for the first five months of 1958 already exceeding those for the first five months of 1957. If the figures are required, here they are as released by the dominion bureau of statistics during this last week: During the first five months of 1957 exports totalled $1,936 million and in the first five months of 1958 they totalled $1,952 million.

Mr. Martin (Essex East): Inflation.

Mr. Fleming (Eglinton): This is an increase in exports, if I must explain this in detail to my hon. friend—

Mr. Martin (Essex East): It is because prices are higher.

Mr. Fleming (Eglinton): I must assure my dear and hon. friend that this pose of a school grade 2 mentality on his part does not befit him; he is too bright for that.

Some hon. members in the opposition profess to believe that as a result of this course of action somehow or other there is a contraction in purchasing power, but the figures just do not bear that out. The fact is that consumer purchasing in Canada has been maintained and two weeks ago I quoted figures to illustrate how much better off we were in this respect and also in respect to capital investment than is the country to our south.

Here is a dispatch from Washington dated June 10 stating that proposed capital expenditures in the United States for 1958 have been reduced to $30.7 billion from the earlier projection of $32 billion. In Canada we estimated that capital expenditures this year would be $8.5 billion or more than one-quarter of those of the entire United States which has an economy generally measured in terms of about 15 times the size of the Canadian economy. There is concrete evidence of the confidence we have expressed.

I ask the house to consider the course taken by hon. members opposite in this respect. If ever a course was calculated to destroy confidence it is the course which has been followed throughout by the members of the opposition. They have been undisguisedly unhappy in the face of the continued strength of our economy. Just as during the last session and in the campaign following it they magnified the extent of the unemployment problem, so today, even in the face of facts, they are glorying in gloom.

There was a reference the other day to the attitude of some members opposite when it was said that they whined. All I can say, after listening to the members of the opposition throughout seven days of debate, is that what we have heard from them is a wail and it is a wail unworthy of Canadians. The Canadian people well know the bold and determined efforts taken by this government to cope with the recession. They have approved of those efforts and this government has scrupulously adhered to the undertakings given to the people in this respect.

I wish now to say a word about the second part of the amendment. I recall the words of the amendment "in spite of the largest peacetime deficit in Canadian history". That expression may have been artfully phrased, but I think if it is to be taken seriously as part of a want of confidence motion it can bear only one interpretation and that is that hon. gentlemen opposite deplore the extent of the deficit. They deplore that we have to have so large a deficit. Otherwise their amendment on this point surely is meaningless.

Let us now examine the situation. I submitted to the house that after certain proposed tax changes for this fiscal year we shall incur a deficit of $648 million. This deficit was estimated following a careful review of the facts with the benefit of all the assistance available to a minister of finance and considering all the factors that bear on such a computation. Look at the United States. We have statements these days from the United States that that country next year expects a deficit of between $9 billion and $12 billion, which is more than 15 times the deficit for which we are budgeting.

I do not need to recall that the hon. gentlemen opposite are unhappy with my estimate. They are unhappy with it because they want to enlarge it, and if hon. members opposite succeed in the course they have been following in this debate, in destroying confidence in this country, the deficit could well be larger. I hope it will not; I hope the Canadian people will continue, and I am quite satisfied they will continue, to show the good sense they have exhibited in recent months and will not pay attention to the statements of opposition members.

I would recall to this house that the financial critic for the opposition was determined that this deficit would be very much larger and things progressed until, on June 27, the hon. member for Sudbury (Mr. Mitchell) raised the figure to $1 billion. Not to be outdone by the hon. member for Sudbury, along came the hon. member for Outremont-St. Jean (Mr. Bourque) that same afternoon and he managed to get the figure up to $2,167 million. That is not arithmetic; that represents what I believe to be astronomical flights into the realm of fancy, but Canada's credit is not helped by irresponsible statements of that kind. The statement of the hon. member for Outremont-St. Jean is irresponsible to the point of irrationality when he says that we are going to have a deficit in such figures as he mentioned.

I listened this afternoon with much interest to my hon. friend, the hon. member for Mount Royal (Mr. Macnaughton) when he was pleading for confidence in the value of the Canadian dollar and I applaud the rebuke he delivered to his colleagues who sit behind him, the hon. members for Sudbury and Outremont-St. Jean, as well as to the financial spokesman for the opposition.

It was not long ago that we heard loud voices from the Liberal party pleading for deficit financing. It will not be forgotten that during the Liberal convention in January the then financial spokesman for that party stated in categorical terms that we should deliberately embark upon such a policy and during the campaign, of course, the Leader of the Opposition (Mr. Pearson), not to be outdone, very strongly urged a policy of deficit financing. He was prepared to increase the deficit we would otherwise have had by proposing a $400 million slash in taxes, which the Canadian people rejected because they realized that would mean a tremendous increase in the deficit and they were prepared to be more responsible in their financial thinking than was the Leader of the Opposition.

Hon. members opposite, with all their beating around bushes, all their double talk and all the talk out of both sides of their mouths in the course of this debate, must face up to this question which is inescapable. Do they want a larger deficit? Let us have no more pretence by talking on both sides of the question. Do they want a larger deficit or not?

An hon. Member: We want action. We want a new administration.

Mr. Fleming (Eglinton): You wanted a new administration last January and you see what you got.

And now, Mr. Speaker, as bearing on the answer for which I am waiting, and which hon. members opposite will not give—you may be very sure of that; they will not give it in this debate, for they will not face up to that question—let me put these matters before the house. When they talk about a billion dollar deficit, let me point out, first of all, that they have not brought forward a single suggestion for saving as much as one dollar or reducing the budget by as much as one dollar. Second, they have already voted to increase the deficit. Those who voted for the C.C.F. amendment to the amendment several days ago cannot possibly support an amendment now which undertakes to deplore the large deficit, so I can only assume, from the fact that all Liberal members of the house voted in this blind way the other night for the C.C.F. amendment, which would have increased the deficit by an astronomical amount, that they have decided not to vote for their own amendment this evening. They certainly cannot vote for both unless they want big deficits, in which case they do not mean what they say in this present amendment.

In the third place, they have talked about our proposal to liquidate the national defence equipment account. But in this respect we are simply following what they did for three years. Liberal ministers of finance had recourse to this account for sums of money which were used for the purpose of reducing net budget expenditures. And so, in the face of precedents such as this, it surely does not lie in the mouths of hon. members opposite to criticize us for having recourse to the same procedure. But we have gone one step further, and we have proposed that this account be liquidated so that parliament will have full control, full knowledge, in respect of the voting of expenditures and of the approval of expenditures of public money.

In the fourth place, their denunciation of a large budget deficit means, again, that they are still opposed to the increases which we brought about in the social security payments, and all their sniping does not hide the fact that it springs from an ill disguised hostility towards these increases in the social security payments which they had the opportunity to bring about when they were in office but which they did not bring about because they were afflicted with the $46 a month mentality.

Also, Mr. Speaker, there is the matter of inflation. Until the hon. member for Mount Royal spoke this afternoon not one Liberal member, or for that matter, not one member of the C.C.F. party, who had spoken in this debate had given the faintest inkling of the recognition of the danger of inflation. So I can only refer back to the words which the Leader of the Opposition uttered in this house on May 13, when he said, as recorded at page 31 of *Hansard:*

> Inflation, therefore, remains a menace in the midst of the recession. That is the dilemma which faces the government today. It must deal simultaneously with inflation and recession.

All the Liberal members who spoke in the course of this debate, with the exception of the hon. member who spoke last this afternoon for the opposition, completely ignored the danger of inflation when they followed the course of suggesting additions to the deficit and thus increased the danger of inflation which would have resulted from the huge increases in the budget deficit which their proposals would have created.

Mr. Pickersgill: I suppose the Minister of Finance would not permit a question at this point?

Mr. Fleming (Eglinton): On this matter of tax reductions, may I point out—

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Fleming (Eglinton): No. My time is limited. I usually accommodate the hon. gentleman whose evident, shall I say, uneasiness must be attributed to a pricking conscience.

Mr. Pickersgill: I could have asked a question in that time.

Mr. Fleming (Eglinton): Well, it will have to be after 5.45.

Mr. Speaker, whatever may be the deficit, the money must be found and the electorate has passed on this question in the plainest of terms.

And now, with my time slipping by so quickly, I turn to the third branch of the amendment which purports, if you please, to invite the house to condemn the government because, so it says, the government is moving toward greater trade restrictions while the other countries in the western world are moving in the opposite direction.

I hope that the other countries of the world are moving in the direction of relaxing the restrictions which have impeded the flow of trade, because Canadian trade has been faced with barriers which have not been confined simply to old fashioned tariffs. We have had to move Canadian goods through restrictions and discriminations of various kinds. But saying, as hon. members have been saying, and as some of the Liberal press such as the Winnipeg *Free Press* and other Sifton papers have been saying, that this is a budget which moves the policy of Canada in the direction

of protectionism, is very untruthful. And here I must mention the hon. member for Bonavista-Twillingate (Mr. Pickersgill) and his stirring speech in this house. How he wept over the policies he alleged in this budget on tariffs and dominion-provincial relations. The crocodile tears flowed. They were copious; they went in all directions. It was a flood, Mr. Speaker. And then, as if it were not bad enough to have to witness this lachrymose scene, the hon. member in his most mournful tone reminded the house that he had once been a Conservative, but did not like the Conservative policy because, he said, the Conservatives thought trade was wrong. He said that as if it was going to be greeted with tears on this side of the house. I can assure the hon. member in all good part and all friendliness that we do not regret the fact that he is not in the Conservative party, and if he wants us to weep he has got to give us more cause than that.

He put before us in the most stirring terms the ancient Liberal cult of the import. Mr. Speaker, we do not look down on exports in this party. We take a great deal of satisfaction from the fact that since this government came to office exports from this country have risen.

We have no apologies to make about what we have said with regard to trade relations with the United States. None whatever. Apparently it is all right when others make such remarks, but not right for Conservatives to make them. Here is what the Leader of the Opposition said as quoted in the Ottawa *Journal* on June 9 in a speech at Poughkeepsie, New York:

> Canadians were prone to feel aggrieved at certain U.S. policies.
>
> "In trade, don't fence us out, and in politics don't take us benevolently for granted", said the former minister of external affairs.

Mr. Speaker, what are the hon. gentleman's supporters in the house going to say in the face of these words? Are not these words going to give offence to the country with which Canada does its biggest trade? Are his supporters not going to shiver when they read remarks like this, when they consider what effect they may have on the relations between Canada and the United States? Oh, Mr. Speaker, what the Leader of the Opposition has done to Liberal policy with regard to trade! Why, it is going to bring our relations with the United States into the most serious plight imaginable. Oh, Mr. Speaker, this grieves us all very deeply.

Mr. Pickersgill: Mr. Speaker, when will the hon. minister leave for Stratford?

Mr. Fleming (Eglinton): When would you like to go?

[Mr. Fleming (Eglinton).]

Mr. Speaker, let us be quite clear about this. The record of the government in this respect is crystal clear. First, when it came to taking steps to protect the interests of Canadian producers in the domestic market those whose claim had the first consideration of the government were the farmers of Canada. I invite hon. members to examine what we did last year in the matter of safeguarding the interests of the producers of turkey and fowl and dried skim milk. I have received many requests for protective action. Those from whom I have received the most requests are members of the textile industry, in the face of their difficulties, and Canadian agriculturists.

Second, all of the major proposals that are contained with respect to tariff action here are based upon reports of the tariff board, reports of investigations that were ordered by the former Liberal government.

Some hon. Members: No, no.

Mr. Fleming (Eglinton): Where is their sincerity of purpose? Do its members disown now the reports of the tariff board to which it referred the references?

Mr. Pickersgill: That is not a fact.

Mr. Benidickson: You changed the recommendations contained in the report of the tariff board.

Mr. Fleming (Eglinton): These were matters that were left on our doorstep as part of the ugly heritage of neglect left to us by our predecessors in office.

In the third place we followed scrupulously the procedures prescribed by the GATT; and, fourth, in respect of the proposed increase in the tariff on woollen goods, let me tell the hon. member for Bonavista-Twillingate that he twists and distorts the truth when he talks about this slight increase as having a symbolic significance. That statement is completely untrue.

And finally, we are now proceeding with preparations for the commonwealth trade and economic conference that will assure its success.

Mr. Speaker: Order. It being 5.45 o'clock p.m., it is my duty, pursuant to section 5 of standing order 58, to interrupt these proceedings and put forthwith the question on the amendment now before the house.

The house divided on the amendment (Mr. Benidickson) which was negatived on the following division:

YEAS

Messrs:

Argue	Boulanger
Badanai	Cardin
Batten	Caron
Benidickson	Carter
Boivin	Chevrier

Denis
Deschatelets
Dumas
Eudes
Fisher
Forgie
Garland
Godin
Gour
Habel
Hardie
Herridge
Houck
Howard
Lessard
Loiselle
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Meunier
Michaud
Mitchell
Nixon
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—47.

NAYS

Messrs:

Aiken
Allard
Allmark
Anderson
Asselin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bourdages
Brassard (Chicoutimi)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cardiff
Cathers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Fulton
Gillet
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Jasper-Edson)
Howe
Johnson
Jones
Keays
Kennedy
Knowles
Korchinski
Kucherepa
Lafreniere
Lambert
Latour
Legere
Lennard
Lockyer
Macdonald (Kings)
Macdonnell
MacEwan
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McGee
McGrath
McGregor
McLennan
McPhillips
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape-Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
O'Hurley
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Ricard
Rogers
Rynard
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stewart
Stinson
Tasse
Taylor
Thomas
Thompson
Tremblay
Valade
Van Horne
Villeneuve
Vivian
Walker
Weichel
White
Winkler
Wratten—161.

Mr. Pearson: I should like to move the adjournment of the debate.

Mr. Speaker: It being after six o'clock, it is unnecessary to move the adjournment of a debate. It is adjourned automatically by the rules.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader what the business is for tomorrow?

Mr. Green: Tomorrow, we shall conclude the budget debate and on Friday go into estimates, finishing off the estimates of the Department of Public Works and then going into agriculture.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

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

NAVAL AMMUNITION DEPOTS—CIVILIAN PERSONNEL

Question No. 105—**Mr. McWilliam:**

1. Has there been an increase or decrease in civilian personnel since 1st January, 1958 to date, in each of the naval ammunition depots in Canada?
2. If so, what classifications were effected?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Kamloops, nil; Rocky Point, decrease 1; Bedford, nil; Renous, decrease 27.

2. Rocky Point, clerk; Renous, assistant technician 3, 1; clerical assistant, 1; ammunition workers, 11; chauffeurs, 3; tractor operators, 6; carpenters, 3; trades helpers, 2.

NOTE: These figures refer to positions deleted from the authorized continuing complement. With four exceptions the employees concerned have either been reassigned to vacant positions on the reduced complement or employed temporarily on short-term projects. Of the four individuals laid off, two were over the normal retiring age of 65 years.

HOUSE OF COMMONS

Thursday, July 3, 1958

The house met at 2.30 p.m.

MARINE AND FISHERIES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Roland English (Gaspe) presented the first report of the standing committee on marine and fisheries, and moved that the report be concurred in.

Motion agreed to.

GRAIN

STATEMENT ON FEED GRAIN SITUATION IN PRAIRIE PROVINCES

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I would like to make a statement with regard to the feed grain situation in the prairie provinces. The Canadian wheat board has been keeping in close touch with the development of the 1958 grain crop in the prairie provinces, and particularly with the drought disaster which has struck such wide areas of Manitoba and Saskatchewan. It is now apparent that great loss has been sustained and, as time goes on, the possibility of recovery is becoming more limited.

The wheat board has completed a survey of deliverable stocks of wheat, oats and barley on farms at all the 2,100 delivery points in the prairie provinces. Fortunately there are substantial reserve stocks of feed grains on farms in all three western provinces and, although all these stocks are not evenly distributed, they do constitute an important measure of security in conditions which now prevail.

Over and above farm stocks of feed grain there are over 50 million bushels of oats and barley in country elevators at this date. Part of these stocks can be mobilized to meet acute feed and seed problems as they arise. In spite of the widespread drought there are ample supplies of feed grain in the prairie provinces, although these stocks are not necessarily within the area where they may ultimately be required.

As a first step in meeting the problem which has arisen, the wheat board is prepared to hold in country elevators such supplies of wheat, oats and barley as the provincial and municipal authorities think advisable. In carrying out this policy of retention the wheat board will follow policies pursued some years ago. Provincial and municipal authorities will arrange with elevator companies for the retention of needed stocks of these grains and will provide that the necessary carrying charges are taken care of. An instruction has been issued today by the wheat board setting forth the method which may be followed by the provincial and municipal authorities and the elevator companies.

At the present time the wheat board has quite large sales commitments, but the board will be in a position to play its part in relieving any distress that may result from the present adverse crop conditions in some parts of Saskatchewan and Manitoba.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the announcement of the Minister of Trade and Commerce is most timely, and I believe it is a measure of insurance which ought to be taken at this time. We hope that crop conditions will improve; we have seen prairie conditions improve very rapidly, and we hope that this planned step may not be necessary in the final analysis.

I wonder if the minister or his department or the government have considered whether the transfer of the grain that may be involved from places where it is now in store to some other places where it may be needed may be done on the basis of the Crowsnest pass freight rates, the low freight rates, rather than the very high freight rates on smaller movements of grain. I think that is an important consideration.

Mr. Churchill: I will look into that. I have not received from the wheat board the instructions they are issuing today to the provincial authorities and the elevator companies, and in those instructions perhaps that point is mentioned.

WHEAT—REPORTED PROPOSAL TO FORM CANADA-U.S. POOL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wonder whether the Minister of Trade and Commerce would care to comment on a report from Washington this morning to the effect that during his visit to Ottawa next week the President of the United States will discuss with the Prime

Minister a proposal of the latter to form a Canadian-United States pool to liquidate the wheat surplus.

Hon. Gordon Churchill (Minister of Trade and Commerce): I think I will have to reserve comment. I have not seen that report. My sources of information are perhaps not as actively engaged as those of the Leader of the Opposition.

Mr. Pearson: Why not?

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. I wonder if the minister or his department is considering action on the suggestion made by certain United States congressmen some weeks ago that there should be something in the nature of a Canadian-United States wheat board to handle the disposal of surplus wheat in both countries on a mutually agreed basis.

Mr. Churchill: I did hear about that. We have had no formal discussions with our United States friends along those lines. At the present moment the surplus disposal program as far as Canada is concerned is going very well, and among the four great exporters of wheat we are leading the field.

Mr. Argue: A further supplementary question. Does the minister not feel that such a suggestion has great merit, and is the minister aware that forecasts indicate that the United States this year will have one of the largest wheat crops in its history, if not actually the largest, which may further complicate the export of this commodity?

Mr. Churchill: There is every advantage to be gained by co-operation with our American friends so far as the disposal of surplus wheat is concerned. I am aware of the forecast of a very large wheat crop in the United States. It seems large, in comparison with Canadian crops, this forecast of a 900 million bushel wheat crop in the United States, but it is not so much in excess of crops in other years that we need to be too greatly alarmed about it. The consumption of wheat in the United States amounts to about 600 million bushels a year, so the surplus available for export is not the entire figure which the hon. member has mentioned.

PIPE LINES

ALBERTA-MONTREAL—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I direct a question to the Acting Prime Minister. In view of Premier Manning's recent visit to Ottawa and of the Prime Minister's statement last Wednesday regarding an Alberta-Montreal pipe line, can the minister advise the house if a decision has been reached regarding the construction of such a line?

Hon. Howard C. Green (Acting Prime Minister): I will take this question as notice.

TRANS-CANADA PIPE LINES—INQUIRY AS TO REPORTED STRIKE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is the minister in a position to give any information as to the location and scope of the reported strike on the pipe line, and to tell us if it is within the Northern Ontario Pipe Line Crown Corporation area?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have not the information the hon. member desires. I will have to take his question as notice.

[*Later:*]

Mr. Fisher: I should like to direct a question to the Minister of Labour with regard to the pipeline walk-out in the lakehead area. Has the minister any information as to whether his department has jurisdiction in this dispute? If so, what action is being considered by his department?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the only knowledge I have of this dispute is what I have read in the newspaper article this morning, but upon investigation we find that there is a collective agreement in existence. If there is any dispute on the wage question, the federal government has no jurisdiction. It is rather the responsibility of the contractors and the union which has an agreement with those contractors.

EXTERNAL AFFAIRS

ICELAND—EXTENSION OF FISHING LIMITS FOR FOREIGN TRAWLERS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Secretary of State for External Affairs. In view of an article which appeared in this morning's Montreal *Gazette* to the effect that Canada was not prepared to extend its sea limits, would the Secretary of State for External Affairs comment on the government's position with regard to Iceland's definite announcement that she would extend her limits to 12 miles effective as of September 1 of this year?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, our view is that we should not take unilateral action at this time as Iceland has done.

The announcement as of July 1 by the Icelandic government is to the effect that this unilateral action will become effective on September 1. We are hoping that before September 1, through bilateral discussions between Iceland and the United Kingdom, Iceland will not be obliged to take that step. We are still placing confidence and faith in the possibility and probability of having another international conference and we are still maintaining our position with regard to six miles of territorial waters and an additional six miles for fishing.

Mr. Robichaud: A supplementary question, Mr. Speaker. Is any consideration being given to protecting our own Canadian fishermen from the possibility of fishermen from other countries fishing within the 12-mile limit?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, up to the present time there has been no change in the rights of foreign fishermen that have prevailed hitherto.

NATIONAL DEFENCE

REPORTED DISPOSITION OF SURPLUS UNIFORMS TO WELFARE AGENCIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of National Defence, a sort of send-off before he begins his two-week trip. Is it now the policy of the Department of National Defence to supply surplus uniforms at a nominal cost to welfare agencies in Canada undertaking rehabilitation programs? If so, would the minister inform the house as to the details of this policy?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, there is no such policy. Under the provisions of the Surplus Crown Assets Act the Department of National Defence is required to report to the Crown Assets Disposal Corporation all surplus equipment, and that includes clothing.

Mr. Herridge: A supplementary question, then, Mr. Speaker. Is the newspaper report to the effect that the Department of National Defence has sold 1,000 uniforms to a welfare agency for $1 incorrect?

Mr. Pearkes: Mr. Speaker, I have not seen the report to which the hon. gentleman refers. Any uniforms which were for sale would be disposed of in the manner I have already described.

Inquiries of the Ministry

REPORTED STATEMENT AS TO OBSOLESCENCE OF PRESENT WEAPONS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question which I should like to direct to the Minister of Defence Production. In his absence perhaps it could be taken as notice. Can the minister indicate whether the news item which appeared in the Ottawa *Citizen* of July 2, and which reported on the tour by the minister of the plant of the Renfrew Aircraft and Engineering Company Limited, is correct in its quotation of the minister's remark on that occasion, which was, "We are working on guided missiles, rockets and CF-105's, but they may be obsolete in a very short time"?

Mr. Speaker: Since there have been two questions of this kind today I think I should remind the hon. member that it is not strictly in order to ask a minister to verify the truth or otherwise of a newspaper report. If the hon. member will refer to the citation in Beauchesne's Parliamentary Rules and Forms having to do with oral questions he will find that although newspaper articles may be referred to as the basis of a question, the question should relate to something under the responsibility of the government and not simply be an attempt to verify newspaper statements.

Mr. Howard: Perhaps I can rephrase it in line with your remarks and ask whether the minister is aware of this particular newspaper article, and whether he would care to comment on it.

STATEMENT ON EQUIPPING OF MISSILE TESTING STATION IN CANADA

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Yesterday the hon. member for Vancouver East asked me to comment on recent allegations that a contract had been awarded for the equipment for a missile testing station in Canada. Then, as a supplementary question, he asked whether I would check as to whether or not a contract had been awarded to Computing Devices of Canada.

The answer to the first question is that Canada is developing the Sparrow air to air missile, and this will be tested at the range at the R.C.A.F. station at Cold Lake, Alberta. Various contracts have been awarded over a period of time for the purpose of equipping this range at that station.

The answer to the supplementary question is that Computing Devices of Canada have

been given a contract for the maintenance of the range facility and for the supply of certain items of equipment.

Mr. Harold E. Winch (Vancouver East): May I ask a supplementary question. Is this missile testing station, which the minister has said is now to be established in Canada, for the testing of our own production or United States production? I could not quite make that out from his answer.

Mr. Pearkes: It is being used for the testing of the Sparrow air to air missile, which is a missile being developed in Canada.

AVAILABILITY OF OFFICIALS TO COMMITTEE ON ESTIMATES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a supplementary question to the Minister of National Defence. May I say that I understand the minister is to be absent for a few days. In view of that fact, would the minister inform this house whether or not his officials will be available to the estimates committee when considering the estimates of the Department of National Defence, in order to deal with the question of a missile named Sparrow being produced in Canada and tested in Canada, in relation to missiles of the United States?

Hon. G. R. Pearkes (Minister of National Defence): Officials of the Department of National Defence have been available at every meeting of the estimates committee; and when their presence is required, they will be available whenever a meeting is called.

Mr. Winch: I have a supplementary question. I asked a direct question with regard to a missile known as the Sparrow. Will the officials be available to discuss that question before the estimates committee?

Mr. Green: The question is out of order.

Mr. Martin (Essex East): Let the minister answer.

Mr. Pearkes: It is entirely up to the committee chairman. When the committee chairman requires officials of the Department of National Defence, they will be made available and will be able to give all suitable information.

Mr. Green: I rise on a point of order, Mr. Speaker. I suggest that this is a matter which should be raised and discussed in the standing committee on estimates and not in the House of Commons.

Mr. Speaker: I think the point is well taken. Until the committee has asked for evidence and has failed to get it, it seems to me this is not a matter to be brought into the house; and if it is brought into the house, it should be brought in by way of report from the committee.

Mr. Winch: I did not know until yesterday that there was a Sparrow missile in Canada.

UNEMPLOYMENT INSURANCE

SHAWINIGAN, QUE.—REQUEST FOR EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

(Translation):

Mr. J. A. Richard (St. Maurice-Lafleche): I wish to direct a question to the Minister of Labour.

(Text):

Has the Minister of Labour received a telegram from Mr. J. A. Foucher, mayor of the city of Shawinigan, concerning the great number of unemployed persons in the said city and asking that unemployment insurance benefits be extended? If so, what action does the government intend to take in order to solve this problem?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. My answer to that is that no such telegram has been received in my office as yet. In any event, based on the question he has asked, I wish to inform the hon. member that the seasonal benefits have already been extended twice this year, and it is not the intention of the government to make any further extensions of seasonal benefits.

FISHERMEN—STATEMENT AS TO CHANGES IN REGULATIONS

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, yesterday the hon. member for Trinity-Conception asked me a question regarding any recent changes in the unemployment insurance regulations so far as fishermen are concerned. That was followed by a supplementary question by the hon. member for Bonavista-Twillingate with respect to whether a report in the newspapers of Newfoundland to the effect that the Minister without Portfolio had announced that there had been changes was correct.

I have a copy of the telegram sent by the hon. member for St. John's West, Minister without Portfolio, to the Newfoundland papers. This was based on a letter which was dictated by the unemployment insurance commission and sent by our office to the Minister without Portfolio outlining the factors affecting fishermen under the act. Unfortunately,

although the letter related the present regulations as they have been in effect, they were released as changes in the act.

THETFORD MINES—STATEMENT ON REQUEST FOR EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the question asked yesterday by the hon. member for Megantic I want to inform him that our office has not received any communication from the municipality of Thetford Mines relating to unemployment insurance or any other subject.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I am grateful to the Minister of Labour for his answer, but I would ask the Acting Prime Minister whether he or the Prime Minister received such a telegram.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I have not received any such wire. One may have gone to the office of the Prime Minister. I will make inquiry.

STATEMENT ON REQUEST FOR SEASONAL BENEFIT PAYMENT FIGURES

On the orders of the day:

Hon. Michael Starr (Minister of Labour): In further answer to the question asked yesterday by the hon. member for Bonavista-Twillingate regarding figures relating to the number of persons receiving seasonal benefits, I informed the hon. member that it takes about two weeks to compile these figures following the end of the month. I also informed him on May 23, as found on page 404 of *Hansard*, that it is not possible to provide a figure for the number of persons actually receiving benefits. The best we can do is to give him the number of live claims. If he will look at page 404 of *Hansard* he will see that I explained this matter in some detail.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, if I may ask the minister a supplementary question, does he not think that it would be within the capacity of the statisticians of his department to work out some scheme to ascertain the number of persons actually receiving benefits? It does seem to me that, particularly at this time, such information would be of great benefit to the house and to the country.

Mr. Starr: I advised the hon. member on May 23 that it would be necessary to instal an electronic tabulation system. Until such a tabulation system is installed it is impossible for us to do it.

Inquiries of the Ministry

COMMUNICATIONS

POLICY RESPECTING GRANTING OF SUBSIDIES TO TELEPHONE COMPANIES

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, I should like to direct a question to the Minister of Transport. Would the minister indicate to the house if the Department of Transport has any intention of re-establishing the policy of grants in aid to the private telephone companies?

Hon. George H. Hees (Minister of Transport): That matter is under consideration by the government, Mr. Speaker.

WATER RESOURCES

LAKE NIPISSING—REQUEST FOR CONTROL OF WATER LEVEL

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Since the regular employment of several hundred people in the mill and woods operations in the Cache Bay area is being adversely affected by the low water level of lake Nipissing, will the minister consider having his officials seek to obtain the closest possible co-operation between his department and the Hydro-Electric Power Commission of Ontario, which controls much of the flow into lake Nipissing, with a view to achieving a more effective control by his department of the water level in that lake?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, at the moment I am unaware to what extent, if at all, the Department of Public Works is responsible for the level of lake Nipissing. However, I shall be glad to make inquiries.

HEALTH INSURANCE

BRITISH COLUMBIA—STATEMENT ON ALLEGED SIGNING OF AGREEMENT UNDER PROTEST

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Welland asked me a question concerning press reports relative to the signing of the federal-provincial hospital insurance agreement with the province of British Columbia.

There has been correspondence between the minister of health for British Columbia and myself in this connection and I have asked his permission to have it tabled. When I receive his agreement I will be prepared to deal with the questions raised by the hon. member.

Inquiries of the Ministry

OLD AGE SECURITY

INQUIRY AS TO REPORT OF DR. ROBERT CLARK

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare whether he has yet received the report of Professor Clark with regard to the old age and survivors and old age security system in the United States? If my hon. friend has received that report, is he in a position to tell the house when it will be tabled to be scrutinized by hon. members?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, I have not yet received the report the hon. member mentions.

Mr. Martin (Essex East): Has my hon. friend any indication when it may be received? He will remember that I asked him this question some five weeks ago, and his reply was the same as today. Does he expect that the report will be available before the adjournment or prorogation of parliament?

Mr. Monteith (Perth): I would think, Mr. Speaker, that would probably depend on the prorogation of parliament. The preparation of the report is progressing favourably and, of course, I am looking forward to receiving it as soon as possible.

Mr. Martin (Essex East): It is taking a long time to obtain something we already know.

TRADE

REPORTED REDUCTION IN PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister inform the house what Canada's policy is at the conference now going on in Paris relating to the lifting of trade restrictions on the sale of goods to communist countries? I ask this question because of the great interest throughout Canada in increasing our trade.

Hon. Gordon Churchill (Minister of Trade and Commerce): The interest of the government, Mr. Speaker, equals and surpasses that of the hon. member who has just asked the question.

Mr. Pickersgill: The usual courtesy.

Mr. Churchill: We are hoping that there will be a general relaxation of the restrictions which have been imposed now for a long time on trade with certain countries. I have no specific information at the moment as to what items will be removed from the present list.

[Mr. Monteith (Perth).]

INQUIRY FOR RETURN

ELECTRIC POWER, NEWFOUNDLAND—FEDERAL ASSISTANCE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I could ask the Acting Secretary of State if the hon. lady has been able yet to trace the correspondence with the premier of Newfoundland about which I asked a couple of days ago.

Hon. Ellen L. Fairclough (Acting Secretary of State): I believe that was tabled this morning. I signed a return for the hon. member, and I believe that will answer his question.

Mr. Pickersgill: I thank the hon. lady.

LABOUR CONDITIONS

UNEMPLOYMENT—INQUIRY AS TO CONVENING OF CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I have a question for the Minister of Labour arising out of the present unemployment situation and the indications that unemployment may reach serious proportions again this winter. Can the Minister of Labour say what progress he is making in the convening of a conference of labour, industry, commerce and government to deal with the whole field of seasonal unemployment, as he forecast in April and as the Prime Minister did again at a later date?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, invitations have been sent out to all those who are to be invited to participate in this conference. The conference will be held here in Ottawa on July 14 and 15.

Hon. Paul Martin (Essex East): I have a supplementary question. Does this invitation include representatives of provincial governments as well?

Mr. Starr: That is right. Some of the ministers of labour from the provinces also will be here.

Mr. Martin (Essex East): It might be a good time to have the dominion-provincial conference as well.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, July 2, consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. Hubert Badanai (Fort William): Mr. Speaker, first I should like to compliment the Minister of Finance on a very creditable oratorical effort and on the few changes made on government revenue which were welcomed nevertheless. In this budget one or two items are noticeably conspicuous by their absence and I wish to comment on them. One in particular was not even mentioned, notwithstanding every expectation that it would be dealt with in the government's first budget. I am referring to the excise tax on automobiles, against which the minister spoke long and loudly when in opposition. According to the record he waxed eloquently against this tax. I quote from the May 3, 1955, budget debate speech in which the then hon. member as reported at page 3395, said this about the tax:

> The excise tax has largely been ignored in the minister's approach to the problem—
>
> Oh, they made much of the removal of the luxury tax—because that is the guise in which it was introduced a few years ago—on tires for motor vehicles. They have made much of the reduction of the excise tax from 15 per cent to 10 per cent on motor vehicles. Well, what they have done, in the way they have gone about it—in leaving the tax at far too high a figure, and giving no benefit at all to those dealers who had a stocked-up inventory of motor cars—has been to bedevil the wholesale and retail motor car business in Canada today.

Then again in volume 3 of *Hansard* of 1956, on March 27, 1956, the minister as reported at page 2648, had this to say:

> The second feature of the sales and excise taxes which is worthy of mention relates to a reduction that was made last year. The government last year actually reduced from 15 to 10 per cent the excise tax levied on automobiles. What was the result, sir? A reduction in revenue? On the contrary, there was an increase in revenue. The collections from the excise tax on automobiles actually exceeded those of the previous year by $8 million. I suggest that there is a lesson there to be learned by the Minister of Finance and by the government. A few more reductions in rate would not necessarily mean serious and crippling reductions in revenues. On the contrary they would assist the circulation of money and the expansion of business enterprise.

Evidently he no longer believes in his own statement. Then again the Prime Minister, speaking on January 14, 1955, as reported at page 192 of *Hansard*, had this to say:

> What are we doing to meet the situation? What is the reason for it? We have said that over the years Canadians were being taxed out of the markets of the world and taxed out of their jobs. I know they used to say you could make jobs without profits. We have learned differently in Saskatchewan with the disappearance of the mirage of 1944.
>
> What about hidden taxes? The average automobile has a hidden tax of $400. This government in its wisdom has decreed a high cost structure in the last few years. It has isolated our trade. It has started the march of unemployment. I believe that Canada's industry must be revitalized by giving tax relief at once. The government must act and act now.

That is precisely what the members of Her Majesty's loyal opposition are now saying, and that is what we are standing for.

During the last session of parliament the minister reduced the tax by 2½ per cent. The reduction was made without giving an account of government spending plans, but we were encouraged to believe that in the very first budget, which the people were expecting before the election of March 31, this tax would at long last be consigned to the limbo where all existing government inequities were to be purged.

This tax was conceived as luxury tax when only a few people could afford to own and operate a car. Then the war came along and an all-out struggle demanded the curtailment of civilian spending and all available money had to be channeled into war loans. The automobile industry needs a stimulant rather than a deterrent. The excise tax today is a factor in lowering the sales of automobiles in this country where they are a vital necessity. This was pointed out by the hon. member for Middlesex East when he spoke during the budget debate on March 19, 1957, as recorded at page 2492 of *Hansard*, as follows:

> There is no doubt the day is coming when some arrangements will have to be made whereby the municipalities and the provinces will have a greater share of the tax dollar. Their necessities are still taxed . . . Probably the motorist is the most heavily taxed individual in this country, yet an automobile is a necessity in our country of vast distances and for transportation to employment.

I say amen to that. In many cases the automobile is actually a tool of production. Over 80 per cent of all cars driven in Canada are driven in the pursuit of business. We do not place an excise tax on the carpenter's saw or the plumber's wrench, but we do place an excise tax on automobiles which are equally used as tools to enable people to earn a living. It is no easier for a salesman to earn a living—and believe me, I can speak from actual experience—than it is for a carpenter to do so. To place an excise tax on the automobile is therefore a deterrent to the sale of cars, as has been amply demonstrated many times when there has been a rumour of a tax cut.

You might recall that last December when a Toronto newspaper printed such a report on November 28, 1957 under the banner headline, "Ottawa to Cut Car Excise Tax" the government was not in a position to comment upon it. There was no reliable estimate of a probable budget, as has been the case in previous years, and people who wished to buy cars cancelled orders placed with dealers in order to see what saving they might enjoy if the tax were removed.

Naturally the automobile dealers across the country sought immediate action, and meantime automobile companies closed down because they could not sell their cars. General Motors closed down for two days, Chrysler for four days and Ford of Canada laid off some 2,400 people a few days prior to the appearance of the headline I have quoted. This meant that thousands upon thousands of Canadian workingmen were laid off and deprived of income with consequent suffering to their families and communities. This is just one indication of public awareness of the excise tax on automobiles and the money which this tax costs the public.

If the public suspects the excise tax on cars might be removed the sales of cars stop, and I submit that the very presence of this 7½ per cent tax on passenger cars is a threat to the steady employment of thousands of Canadians. I am convinced that its removal would provide more jobs and more steady employment than any measure the government has so far introduced in an effort to reduce unemployment. This is a serious handicap to have hanging over an industry so vital to the economic well-being of Canada. The excise tax creates instability in this major industry upon which so many people from coast to coast are entirely dependent for their livelihood.

I wonder if hon. members realize that one in every seven persons in the entire labour force of Canada is employed in the automobile industry, exclusive of service stations dispensing products necessary for the operation of motor vehicles. In other words this tax creates a situation of instability for this large group of Canadians.

Automobiles are taxed in so many ways on both a federal and provincial basis that it would require a lengthy computation by a battery of so-called mechanical brains to find out just how much of the cost of a car is accounted for by taxes. Let me cite a few instances. The latest figure I can obtain is for 1956, when ten provinces in Canada collected $383,765,000, which was equal to 24.9 per cent of the total revenue of those ten provinces. In 1956 the federal government collected from the 10 per cent sales tax almost $98 million and from the 10 per cent excise tax $72,250,000. True, the excise tax—and it is about that tax I am speaking and not the sales tax—was reduced to 7½ per cent last December. The sales tax of course remained at 10 per cent.

All these millions of dollars, plus special automobiles taxes in some of the provinces and in some municipalities, when placed on the purchase price of a car have a seriously deterrent effect on car sales. This is particularly important this year, when we should be doing everything possible to stimulate and not to hold back business.

The removal of the 7½ per cent excise tax on passenger cars, to my mind, would be the best way to stimulate employment. I can think of no better way to stimulate the economy, to provide more employment for the over 40,000 people working in the motor vehicle industry in Canada. To illustrate the importance of the industry I should like to quote the following figures. In the first five months of 1956 the industry paid out in wages a total of $70,263,588, while for the same period in 1957 the figure was $74,446,692. For the first five months of 1958 the figure was $63,361,036. These figures apply only to persons engaged in the manufacture of new motor vehicles in this country.

During the same five-month period in 1956 the government collected in sales tax $43,645,371 and in excise tax $34,679,323, a total of $78,324,692. In the same five-month period in 1957 the government collected in sales tax $49,941,684 and $39,681,983 in excise tax, a total of $89,623,667. And for the first five months of 1958, this calendar year, it collected in sales tax $39,401,540 and in excise tax $23,837,996, for a total of $63,-239,536.

Now, Mr. Speaker, before proceeding further I would ask leave of the house to have this table incorporated in the proceedings of *Hansard*. It is a table showing revenues received by the federal government from 1914 to December, 1957.

Mr. Speaker: What is the source of the information?

Mr. Badanai: The source is the customs department.

Mr. Speaker: Is it the pleasure of the house that the hon. member be given leave to incorporate this table in the record without reading it?

Mr. Fleming (Eglinton): May I ask the hon. member what is the particular publication from which this item is selected? He referred to the department.

Mr. Badanai: It is a document prepared by the customs department here.

Mr. Martin (Essex East): It shows the increase in the excise tax on automobiles. It is an official document authorized by the hon. gentleman.

Mr. Speaker: Is it the pleasure of the house that this table be incorporated?

Some hon. Members: Agreed.

Mr. Badanai: Thank you, Mr. Speaker. The table is as follows:

CHRONOLOGICAL TABLE OF DUTIES AND TAXES ON AUTOMOBILES 1914 TO DATE

	Rate of Duty							Excise Taxes														
						Luxury Taxes														Sales Tax		
	Value to $1,200 Retail	Value $1,200 to $2,100	Value Over $2,100	Special War Tax	W.E. Tax	Up to $3,000	Over $3,000	Up to $1,200	Excess of $1,200	Amt. in Excess $650 Whole-sale	Up to $700	$700 to $900	$900 to $1,200	Over $1,200	Up to $1,200	$1,200 to $2,000	Over $2,000	Do-mestic	Import	Special Import Tax
1914	35%	35%	35%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Feb. 12-1915 to Apr. 29-1918.	35%	35%	35%	7½%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Apr. 30-1918 to May 18-1920.	35%	35%	35%	7½%	—	10%	10%	—	—	—	—	—	—	—	—	—	—	—	—	—
May 19-1920 to Dec. 19-1920.	35%	35%	35%	—	—	15%	20%	—	—	—	—	—	—	—	—	—	—	1%	1%	—
Dec. 19-1920 to May 9-1921..	35%	35%	35%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1%	1%	—
May 10-1921 to May 23-1922.	35%	35%	35%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1¼%	2½%	—
May 24-1922 to Dec. 31-1923.	35%	35%	35%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	2¼%	3¾%	—
Jan. 1-1924 to Apr. 10-1924...	35%	35%	35%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	6%	6%	—
Apr. 11-1924 to Apr. 15-1926..	35%	35%	35%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	5%	5%	—
Apr. 16-1926 to Feb. 17-1927.	20%	27½%	27½%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	5%	5%	—
Feb. 18-1927 to Feb. 16-1928.	20%	27½%	27½%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	4%	4%	—
Feb. 17-1928 to Mar. 1-1929..	20%	27½%	27½%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	3%	3%	—
Mar. 2-1929 to May 1-1930...	20%	27½%	27½%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	2%	2%	—
May 2-1930 to June 1-1931...	20%	27½%	27½%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	1%	1%	—
June 2-1931 to Apr. 6-1932...	20%	30%	40%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	4%	4%	1%
Apr. 7-1932 to Dec. 31-1935..	20%	30%	40%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	6%	6%	3%
Jan. 1-1936 to May 1-1936....	17½%	22½%	30%	—	—	—	—	5%	10%	—	—	—	—	—	—	—	—	6%	6%	3%
May 2-1936 to Apr. 25-1939..	17½%	17½%	17½%	—	—	—	—	—	—	5%	—	—	—	—	—	—	—	8%	8%	3%
Apr. 26-1939 to June 25-1940.	17½%	17½%	17½%	—	—	—	—	—	—	5%	—	—	—	—	—	—	—	8%	8%	—
June 26-1940 to Dec. 2-1940..	17½%	17½%	17½%	—	10%	—	—	—	—	—	10%	20%	40%	80%	—	—	—	8%	8%	—
Dec. 3-1940 to Apr. 30-1941..	17½%	17½%	17½%	—	10%	—	—	—	—	—	20%	20%	40%	80%	—	—	—	8%	8%	—
May 1-1941 to May 14-1945..	17½%	17½%	17½%	—	10%	—	—	—	—	—	25%	25%	40%	80%	—	—	—	8%	8%	—
May 15-1945 to Oct. 13-1945.	17½%	17½%	17½%	—	10%	—	—	—	—	—	10%	10%	10%	10%	—	—	—	8%	8%	—
Oct. 13-1945 to Nov. 17-1947.	17½%	17½%	17½%	—	—	—	—	—	—	—	10%	10%	10%	10%	—	—	—	8%	8%	—
Nov. 18-1947 to Jul. 31-1948.	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	25%	50%	75%	8%	8%	—
Aug. 1-1948 to Sept. 7-1950...	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	10%	10%	10%	8%	8%	—
Sept. 8-1950 to Apr. 10-1951..	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	15%	15%	15%	8%	8%	—
Apr. 11-1951 to Apr. 8-1952..	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	25%	25%	25%	10%	10%	—
Apr. 9-1952 to Apr. 5-1955...	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	15%	15%	15%	10%	10%	—
Apr. 6-1955 to Dec. 6-1957...	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	10%	10%	10%	10%	10%	—
Dec. 7-1957 to.....	17½%	17½%	17½%	—	—	—	—	—	—	—	—	—	—	—	7½%	7½%	7½%	10%	10%	—

Note—On June 8, 1926, passenger cars under $1,200, manufactured in Canada (which qualify under Canadian content requirements) were made exempt from the 5% excise tax up to May 1, 1936.
From May 2, 1936, excise applies to both domestic and imported passenger jobs.
From June 2, 1931, to May 1, 1936, the 3% special import tax did not apply on passenger jobs which were subject to excise tax.
Imports of passenger and truck chassis were subject to the 3% tax.
After May 2, 1936, to April 25, 1939, imports were subject to both the 5% and 3% tax.
From Feb. 21, 1931, to Jan. 1, 1936, the maximum discount from list price on wholesale importation of automobiles was limited to 20%. During all other periods covered by this chart, the discount is the maximum allowed in the country of export to similar classes of trade.

*Note—On and after April 6th, 1955, where radios are installed in motor cars at the factory, the rate of excise tax applicable to the motor car viz , 10% will apply to the car including the accessories, such as radios, heaters, whitewall tires, washers and similar goods installed at the factory.
Where radios are sold to dealers for their installation in the customers cars, the 15% rate of excise tax is to be applied.

But even these figures, impressive as they are, do not tell the whole story. Canadian automobile manufacturers are purchasing materials and parts from thousands of suppliers. I have only the figures of one company, General Motors of Canada. In 1957 this company purchased Canadian goods to the tune of $425 million and I assume the other Canadian car manufacturers are spending proportionate amounts with Canadian suppliers, which all adds up to the tremendous contribution of the automobile industry to the national economy.

Now, Mr. Speaker, in view of these facts I do not see how the government can ignore this awkward situation confronting one of the industries which is giving Canada so much, and contributing to the employment and welfare of so many. I respectfully suggest that the minister give assurance to this house that this matter of the excise tax on automobiles is not made final, and that he will give serious consideration in the near future to the complete elimination of this tax. There might have been justification for it at one time, but if there was any good reason for it in the past that justification is now obsolete and unwarranted.

There is another matter in which I am particularly interested, and that is the plight of our poor municipalities. If there was any expectation that the budget would contain some sign of assistance to the municipalities, with the exception of the removal of the sales tax on certain municipal purchases, for which we are grateful, with the announcement that the federal government will be offering large blocks of bonds to the public every few months these long-nursed hopes were shattered. These offerings will have a decided effect on limiting the amount of municipal debentures that may be offered, and also any that are offered will have to carry a high interest rate if they are to be sold in Canada.

This budget will force municipal governments to borrow in the United States. The failure to include in the budget a measure to establish a pool or a loan fund to which municipilities may sell their debentures at a reasonable rate of interest was, from the standpoint of the municipalities, a serious omission. Such a loan fund would be of inestimable assistance to the hard-pressed municipal governments. It seems to me to be the only system which would provide them with funds to continue with their progressive construction programs, and keep a goodly number of people employed.

Perhaps investment dealers or brokers do not look favourably upon such pool or loan fund for the obvious reason that, if established, such a fund would take away competitive marketing. I am not suggesting that the government was influenced by financial institutions in its failure to giving serious consideration to this important and vital issue. I am pointing out, however, that the minister in his closing remarks said:

> This budget has been born of confidence in Canada's future, not blind wishful thinking, but unshrinkable realism.

I for one fail to see the realism of the Minister of Finance when he overlooks the immense task of the municipalities of Canada, the oldest form of democratic government, the level of government closest to the people, which is the most responsive to the requirements and needs of Canadians. I cannot see much realism, I regret to say, in a budget which totally ignores an industry such as the automobile industry which has contributed billions to the wealth of the nation.

The fact that only one company purchased goods from more than 4,000 suppliers in more than 400 communities is proof that without a healthy and prosperous automobile industry Canada could not possibly expect much from the vision of development so eloquently portrayed by the Prime Minister and echoed by the Minister of Finance in his two-hour budget speech in the house on June 17. I express the hope that the government will see fit to give this industry another look, and I am confident that there would be no dissension in this house if finally once and for all this iniquitous excise tax were removed.

I was very happy to see the Minister of Labour here this afternoon. I am sorry he is absent at the moment, but I know he would support my contention. The minister and I worked closely together when he was mayor of the city of Oshawa. Coming as he does from a community which is practically wholly dependent upon the automotive industry I know he would also support this measure to eliminate the excise tax on automobiles. This measure would be received by the municipalities and the people of Canada as a beneficial and progressive one designed to achieve the very things this government has so eloquently advocated, not only while its members were in opposition but during the recent election campaign and also in the throne speech.

Here my case on behalf of the automotive industry and the municipalities of Canada rests.

Mr. Lambert: Mr. Speaker, I wonder if the hon. member would permit a question?

Mr. Badanai: Surely.

Mr. Lambert: Would the hon. gentleman kindly advise this house why the city council over which he presides was interested in buying buses in the United States rather than in Canada?

Some hon. Members: Oh, oh.

Mr. Ricard: All right, let us have it.

Mr. Badanai: Mr. Speaker, the hon. member who addressed this question to me should be aware that the municipality which I represent did not purchase any buses from the United States. We have in that community the only manufacturer of buses in Canada, the Canada Car Company, a subsidiary of A. V. Roe Corporation, which was established in Fort William many years ago. I think the hon. member refers to the transportation commission of the city of Toronto.

Mr. Lambert: And the city of Fort William.

Mr. Habel: It is not the same city at all.

Mr. P. V. Noble (Grey North): Mr. Speaker, at the outset I wish to add my congratulations to those already tendered the Minister of Finance on the presentation of a very fitting budget. It will help many and is obviously the result of careful, intelligent thinking. I am convinced that our Minister of Finance is a very conscientious man, and I am sure the Canadian people have much confidence in him. On behalf of my constituents I wish to thank the minister for the excellent and fair way in which he has covered the field under his jurisdiction and for the masterly presentation of this budget. Regardless of what has been said by opposition critics, this budget will go down in history as representing a sound approach to the financial and business problems of our day.

Mr. Habel: Imagine.

Mr. Noble: Mr. Speaker, on talking with many of my constituents over the past week end I found that the majority were happy with the contents of this budget, and they had not been expecting miracles such as the opposition critics have intimated was their expectation. They felt that their confidence in this government had again been justified. For those who think in terms of all the people there is very little fault to be found with this budget. Never in the history of Canada were our citizens enjoying a better standard of living. Granted, we have problems and they will perhaps always be with us; nevertheless this government has faced present difficulties and adopted an earnest, sound approach to their solution.

The criticism directed at the government in respect of unemployment by two or three members of the opposition has become monotonous and nauseating. These hon. gentlemen have been instrumental in creating fear and aggravating this regrettable situation. Their propaganda in the last session as well as in this one has influenced many timid business people who have postponed making decisions which could have added much momentum to an upturn in business and employment. Some positive thinking and constructive suggestions would be more appreciated by the government and those who are inconvenienced by what is presently a weak link in our economy. However, in spite of these alarmists business and employment are on the upswing.

Mr. Speaker, with your indulgence I will quote a short editorial that I think is appropriate on this occasion. The editorial is entitled, "The Awful Uncertainty of the Future" and reads as follows:

> It is a gloomy moment in history. Not in the lifetime of any man who reads his paper has there been so much grave and deep apprehension; never has the future seemed so dark and hard to calculate.
>
> In France the political cauldron seethes and bubbles with uncertainty.
>
> England and the British empire is being sorely tried and exhausted in a social and economic struggle, with turmoil at home and uprising of her teeming millions in her far-flung empire.
>
> The United States is beset with racial, industrial and commercial chaos, drifting we know not where.
>
> Russia hangs like a storm cloud on the horizon of Europe—dark, menacing and foreboding.
>
> It is a solemn moment, and no man can feel indifference, which happily, no man pretends to feel in the issue of events.
>
> Of our own troubles, no man can see the end.

This editorial sounds pretty gloomy, does it not? The writer evidently was weighed down by present problems and quite ready to sell himself and our nation short. Did I say present problems? Excuse me, please; far from it. This editorial appeared before world war II, before the depression of 1929, before the first world war in 1914, before the panic of 1891 and before the civil war in 1865. This was an editorial which appeared in *Harper's* magazine on October 10, 1847, well over 100 years ago. Yes, pessimism is the scarecrow that fear erects in the watermelon patch of the future to frighten away the timid souls so the feast may be richer for the few who are not afraid. We still have these gloom artists with us. As a matter of fact we have too many in the House of Commons, on the opposition benches, who would rate as experts in this profession.

At this point I would like to say the riding I have the honour to represent lies along the southwest shore of Georgian bay. It is made up of nine townships and five urban centres consisting of Owen Sound, Meaford, Thornbury, Clarksburg and Shallow Lake. Although we have considerable industry, agriculture constitutes the largest share of my constituency's earning power. The people are basically Anglo-Saxon in origin. However, recent immigration has introduced some Dutch people into my riding. I am proud to say this

adds up to a thrifty populace of sound citizens. I want to point out that the people of my constituency desire government recognition, but they realize that the first duty of the government is to attack problems of national importance, and I feel the Minister of Finance dealt fairly with one and all in the budget for this fiscal year.

Agricultural conditions in Grey North have improved during the past year. However, small operations in mixed farming have ceased to be economically sound and the trend is toward larger farms properly mechanized. Some farmers have improved their position through specialization, and it is quite evident this course will be followed by others. Our most successful farmers are those who have the latest scientific methods of operation. Soil is tested so that it may be properly treated for best results. Special attention is given to a program of herd improvement. The net result is more food produced by fewer people. By this progress a process of elimination is taking place. People without the capital and other qualifications necessary to participate in this type of farming are drifting into other phases of our economy where we hope they may be satisfactorily absorbed. However, it is gratifying to know that the Canadian Farm Loan Act stands to be amended. This could help those in need of capital, especially our young farmers.

One branch of our agricultural specialization that has been successful in my riding is the production of apples. In the Meaford-Thornbury area there are more than 3,000 acres of apple orchards. It is an accepted fact in the trade that some of the choicest apples on the continent are produced in this area. These apples are kept at their best for many months after harvesting by three large up to date cold storage plants.

In the past these people have experienced considerable difficulty marketing their crop in competition with United States growers. Perhaps some of the competition was fair; nevertheless when production was good across the line it was apparent that dumping contributed to some of the grief experienced by our growers. Because of this budget, with its promise of strict enforcement of the anti-dumping law, and with the hope that the Department of Agriculture will allow only the better grade of apples entrance to Canada, our growers may look to a future with brighter prospects.

I hesitate to speak about matters which concern me in a personal way, but since I bring to this house some experience in the field of fur breeding, and since this industry has not had a voice heretofore to explain its position, perhaps I might be excused for bringing to your attention, Mr. Speaker, some of its highlights and problems. After all, many people in Canada are dependent on this industry for their livelihood. Shipments of fur to the United States and other countries have brought millions of dollars into our economy.

I am in the unique position of being the only member of this house representing the fur industry. Of course I fully realize that this industry does not play a major role in our economy. However, the fur trade influenced our early colonization and in those years was the wealth and the key industry of Canada. Through the years of early development wild fur was in plentiful supply, but during the following years of exploitation fur became scarce and this prompted the birth of a new, specialized branch of agriculture, namely that of fur ranching.

As its representative in Ottawa, Mr. Speaker, I will do my utmost to keep this house informed of its problems. Our relationship with the United States, Canada's best market, has been all that could be desired. We have co-operated fully with the United States ranchers in a program of continuous advertising, and the United States market has always been open to us. We in our industry trust that this spirit of neighbourliness may always exist, and that our Department of Trade and Commerce will continue to foster close co-operation and good will with our friends to the south.

Perhaps at this time you will allow me to take a few minutes to tell you something of the phenomenal development which has taken place in ranch mink during recent years. As most hon. members know, mink can now be produced in many shades of grey, blue and brown, also extra dark brown which is almost black and, of course, white. These are all natural colours known as mutations, and are not dyed or bleached. At our ranch we produced the first mutations in Canada, and we were the original breeders of white mink anywhere in the world.

In mink, as in all other livestock, we have disease problems. The two biggest killers have been distemper and virous enteritis. However, the spread of rabies across the country is cause for some concern. The former disease we have been able to control satisfactorily with a live virus vaccine but the latter has been causing serious losses for several years. Virus enteritis originated on a ranch in the neighbourhood of the Fort William garbage dump, thereby linking the disease with rats.

The budget gave encouragement to the extermination of this pest, which is costing our country millions of dollars annually as a disease carrier and a culprit of destruction. Since the time of the original outbreak

at Fort William thousands of mink have fallen victims of this disease. Much research has been done and many experiments have been carried on. The government laboratory at Hull did considerable work on the disease but gave up about three years ago. I pay tribute to the Ontario veterinary college for the contribution they are making in helping the mink producers protect their herds against this devastating disease. Within the next few weeks many mink will be vaccinated with a vaccine produced by this institution in the hope that some protection may be afforded those areas where the disease is known to exist.

This government supports an experimental fur farm at Summerside, Prince Edward Island, under the supervision of Dr. Gunn. I feel that this project has outlived its usefulness at this location. It served a purpose when Prince Edward Island was the centre of the silver fox industry, but since this phase of fur ranching is terribly neglected with very little hope of recovery I think it is time this institution was moved to Ontario, the heart of the mink industry in Canada. Today the mink industry is the fur industry. Our country is climatically ideal for fur production. The food used on fur farms is almost exclusively by-products which would be of little value otherwise.

Therefore, Mr. Speaker, I urge this government to encourage and foster this young industry, and to give careful consideration to the establishment of an up to date dominion experimental fur ranch in Ontario where it could work in close collaboration with the Hull laboratory and the Ontario veterinary college.

In Grey North, manufacturing is confined mostly to Owen Sound and Meaford, though Thornbury and Shallow Lake have some small plants with good growth possibilities. The two larger urban centres have several woodworking factories that produce flooring, windows and doors, furniture, radio and television cabinets and many other wood products. Owen Sound has two modern plants producing electrical products, also an up to date publishing company specializing in office stationery, bookbinding and other paper products. In Meaford we have a modern textile mill which at present is having a difficult time. However, all these manufacturers are pleased indeed with the assurance given in the budget that they will not have to compete with any dumped products, and that textiles will be given further consideration.

Owen Sound boasts of one of the most modern engineering works and steel, iron and bronze foundries in Canada. This plant is capable of turning out castings which are calculated by the ton. They are equipped to build large propellers, and during the war this shop produced propellers for all the ships built in Canada. They have produced a new metal which is especially adapted for the construction of propellers for icebreakers and other boats which have constant contact with ice. I maintain, Mr. Speaker, that since this plant contributed so much in our time of need it should be given first consideration by the government in competition with propeller manufacturers outside this country.

My riding, located as it is on a fine body of water, has several boat manufacturers. From these establishments come some of the finest pleasure craft available anywhere. The largest of these plants is equipped to build steel barges, landing craft and boats up to 150 feet long, with a tonnage of up to 580 tons. Other steel products manufactured by this company are transformers, lighting poles, road rollers, marine gas and oil drilling equipment. With this line of products this firm will be in a position to make a notable contribution to the development of our north country.

There is an urgent desire by the people of my constituency for more industry. We must have more work if we are to absorb the growing labour force and supply a livelihood for the people who prefer to live in the ideal and pleasing surroundings of Grey North. I hope that decentralization will be given serious consideration, and that this government will use its influence in the encouragement of this plan. It is essential from the point of national security, and would work needed benefit in our smaller urban centres.

Industrial development corporations were instrumental in developing Toronto's golden mile of industry, but these corporations are reluctant to operate in smaller cities off the beaten path where the possibilities of profitable business for them are less favourable. However, Mr. Speaker, a group of public-spirited citizens in Owen Sound have banded themselves together and propose forming a company. Their purpose will be the raising of money through the sale of shares in this company. With the money they propose to render the same service to their city and community that is extended to the larger centres by the industrial development corporations; but to be successful considerable government help will be needed. Not forgetting decentralization, Mr. Speaker, I suggest this government make available, on long-term loan, an amount equal to that raised by any public organization for the purpose of industrial promotion.

The tourist industry has grown to be one of Canada's major industries. Grey North,

with Georgian bay as its northern boundary, shares handsomely in the dividends from this industry. Accommodation is available on sandy beaches or on rugged shore lines, and for those wishing to establish their own summer homes excellent building lots can be secured at reasonable prices. In this budget the tax exemption extended to building materials should give stimulation to summer cottage building.

At Owen Sound first-class passenger boat service is scheduled to points in the upper lakes for the duration of the tourist season. At Meaford pleasure craft with licensed guides are at the service of visitors for water tours or fishing trips. Meaford is visited by yachts from many points in the United States as well as in Canada, and is reputed to be the finest harbour on the great lakes for small craft. This harbour is in urgent need of floating docks, and I feel certain the Department of Public Works will remedy this matter.

I would be remiss in my duty if I did not mention the beautiful scenery in Grey North. It is unsurpassed in any part of Canada. With the welfare of the tourist industry in mind, Mr. Speaker, I suggest that we facilitate travel by United States citizens through our country. In this respect may I suggest the swift completion of a better means of travel between Canada and the United States at Sault Ste. Marie. This is a fine place to enter Canada, as a great area open to fishing and hunting is immediately available. Even more important to this point of entry was the completion of the famous Mackinac bridge which makes possible a flow of traffic 15 times greater than before. However, without a bridge at Sault Ste. Marie we have a serious bottleneck to the free flow of traffic into Canada.

I am informed that an act was passed by parliament on May 4, 1955, to incorporate the St. Mary's Bridge Company for the purpose of constructing and maintaining a toll bridge across the St. Mary's river at the Sault. The Canadian company was to enter into an agreement with the international bridge authority of Michigan to do this, and their agreement with that commission was approved by the governor in council on September 9, 1955.

No work was actually done on this venture. This first arrangement apparently broke down. Then the state of Michigan began negotiating with the province of Ontario, and this was the position as far as the federal government was concerned up to February 13, 1958. Subsequently, however, the two original companies have submitted a plan to the Department of Transport for a projected location of this structure. It seems to me, Mr. Speaker, that after the delay of three years since parliament recognized the necessity for this bridge it is now urgent that some influence be directed by the government toward the early completion of this venture.

Plans for improved ferry service from South Bay to Tobermory are now being considered. This is a very popular tourist route, and with the improved facilities I have mentioned many thousands more Americans would visit Canada and a corresponding increase in their spending would result.

I am very well aware of the fact that the British North America Act gave the federal government legal jurisdiction over coastal and inland fisheries. However, by agreement the province of Ontario has taken over the management of fisheries within its boundaries. This arrangement worked very well over the years when Georgian bay and lake Huron, the areas in which I am particularly interested, were well stocked with lake trout and whitefish, but now that these waters have become almost depleted of these species our fishermen have fallen on evil days. These regrettable circumstances could have been contributed to by unsuitable legislation for the conservation of these fish or laws that were not enforced. Fishermen were allowed to go on the spawning beds and take fish, which has proven to be a serious mistake. At that very time these fish were having a tremendous struggle for survival. Lamprey eels were taking a terrific toll. The areas were being heavily populated with smelts. This fish if fed raw carries an enzyme that destroys the vitamin B in any given diet, with the result of paralysis and eventually death. I have proven this in mink feeding. I feel that smelts have also contributed to the disappearance of trout and whitefish.

The federal government has entered into a convention with the United States government in an effort to control the lamprey eel and to rehabilitate whitefish and lake trout in the great lakes. In Georgian bay, which is completely Canadian water, I suggest to the government that immediate stimulation be given a program of conservation and rehabilitation in co-operation with the provincial government. This body of water, which in the past produced millions of dollars of revenue through food and as a mecca for tourist fishermen, is now reduced to a good place for boating.

For example, a few seasons ago in the harbour at Meaford 35 fishing craft for the purpose of trolling for lake trout were kept completely occupied for several months each season. Each boat accommodated four passengers and a guide. I regret to inform

you, Mr. Speaker, that not one boat now leaves Meaford harbour to troll for lake trout. The chamber of commerce of Meaford estimates that the loss to the town is in excess of $250,000 annually. The people who are suffering more directly are the commercial fishermen who have thousands of dollars invested in tugs, nets, warehouses and other equipment. They are scattered up and down the shores of this largest fresh water bay on the continent.

In Grey county we are sharing in three conservation authorities. These are on the Saugeen, Sauble and Beaver rivers. The last mentioned is completely within the boundaries of Grey county. In the development of these authorities, and not forgetting the fact that we have large tracts of land not suitable for agriculture, an excellent opportunity is presented for the establishing of camp grounds and a national park. I realize that the provincial government is required to take the initiative in these projects before federal assistance can be expected. However, I want to commend this government for the keen interest and consideration they have extended with regard to this particular development. We in our riding plan to take advantage of this opportunity.

Considering our whole economy, I am satisfied that the finance minister has gone all out to correct the immediate problems on which the budget could work any remedy. At this time I want to repeat the wise words of the finance minister when he said, as found at page 1250 of *Hansard* of June 17:

> Only by keeping our costs of production in line with those of our competitors can we hope to achieve expanding employment and progressive improvement in our standard of living.

The economic growth and recovery we desire to bring about must take the form, as pointed out by the Prime Minister not of higher costs and prices but more production and more jobs.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, there was naturally a somewhat marked disparity between the speech that introduced the budget and the speech the Minister of Finance made yesterday. We were back again yesterday to those lovely phrases such as "crocodile tears", "crystal clear", and "welter of contradictions", which I thought the minister had perhaps departed from forever with the relative dignity and, may I say, underplayed presentation given the budget. In his speech yesterday the minister proceeded to take everybody to task, and I suppose he should certainly be allowed that delight because of the fact that he has sat here and listened to so much.

He started off by saying that much of the criticism had been contradictory and none of it had been very constructive. Of course the charge that criticism is not constructive is really a red herring. It is not a logical answer. I think the fact that some of the criticism is contradictory is only to be expected when there are so many different interests in this country. For example, there are those who favour higher tariffs and those who favour lower tariffs.

But it seems to me that the contradictions are paralleled by the budget itself. I know I have felt, so far as some of the criticism the Liberal party has made of the government since assuming office is concerned, that much of it has been sour grapes. For example, with respect to dominion-provincial relations the Liberals managed to keep Quebec in a sort of post-Regina, scaffold trauma for many years, and it was certainly about time and most desirable that that hold be broken. I welcome the fact that the Bourbonnais and the Hardy Smalls, the Cathers and the Pigeons are lying down in the same political tent, and I think the Liberal party may be making too much of the disparities. Perhaps we will get something from this government in time. We may even see the Conservative party push some of the Quebec politicians into the twentieth century.

In that regard I think the Tremblay report makes very interesting reading. This is the report on constitutional problems published several years ago. It stresses constitutional and fiscal problems, and there are two paragraphs here that I think should be very much in the mind of the Minister of Finance if indeed they represent the point of view of Quebec as the commission suggests and if, to carry it a step further, these ideas represent the opinions of the members from Quebec who now form such a large part of the party in power. On page 22 of the summary of the report there is the following:

> Since indirect taxes, within the meaning of constitutional jurisprudence, are assigned to the federal government by the constitution, any agreement that may be made would only affect direct taxes. With the federal government itself having access to this category of taxes, any settlement between the governments assumes there would be definition and acceptance of a rule of sharing which would suppress the ambiguities from which the constitutional practices of the past thirty years have resulted—

May I interpose here that of course the charge is that most of these ambiguities developed under the previous administration. I would imagine that the people who presented this report would see the Conservative government as a St. George killing these dragons of ambiguity. To continue:

> We have already formulated this rule of sharing and it is deducible from the Constitution's general

aims and purposes. Inasmuch as taxes have a qualitative relationship with the functions of collective life, (such relationship becoming more apparent as taxation becomes more onerous), they should be assigned, in a federative state, to the two orders of government according to the functions respectively vested in them. Thus, taxes on incomes affecting individuals and institutions should be reserved to the provinces, upon which devolves jurisdiction in cultural and social matters. On the other hand, since the federal government, for its part, is vested with the wider economic responsibilities, it should have sole access to taxes on goods and on the circulation of goods.

I want again to comment and say that if this is a good statement of the Quebec position or of the provincial position, and the minister spoke so strongly yesterday to stress the fact that his is not a centralizing government but that it is a government that has a respect for the provinces, I fail to see that within this present budget much consideration has been given to this matter and the stand of Quebec in relation to fiscal policies. I hope that in the future, as these two wings of Progressive Conservatives merge the Quebec viewpoint as expressed by the Tremblay report and the viewpoint of the people from what I might call outer Canada, the government will define more clearly just what it is going to do about the centralist position and whether it is going to be a centralist government or whether it is going to take the lead in financial matters to give the provinces back what the Quebec government in this report claimed was its right. In expressing my own opinion I might add that I hope the government does not make a retrograde step. I hope it leads these people from Quebec up to the view where they realize that the centralist position is the true position of this greater Canadianism that is now being broadcast and advanced so ably by the Prime Minister (Mr. Diefenbaker) of this country.

The minister made the point that no one had mentioned the magazine tax. I intended to mention the magazine tax. I felt all along that it was discriminatory; but I have never seen two better examples where I should like to see discrimination practised than in relation to *Time* magazine and *Readers Digest*. It has always seemed to me that *Time* magazine—and this applies in the United States as well as Canada—is a most retrograde form of journalism. You have opinionated conclusions presented in the form of what appears to be a news report. You have a continuous indoctrination. I wondered at the time when the tax was cancelled, at the fact that *Time* magazine in its indoctrination in its Canadian section has taken such a generally favourable view of the new government. But that probably is an unworthy suspicion.

[Mr. Fisher.]

With regard to gold, the minister felt that he had not received nearly enough recognition for the step he had taken there. I am pleased to recognize that step. What bothers me about this increase in the gold subsidy is this old question of private enterprise and free enterprise of which we are told consistently in this house. We just had it the other night, I believe, from the hon. member who defeated the former deputy leader of the C.C.F., stressing that his party is a party of free enterprise and private enterprise. It has always seemed to me to be most peculiar that this government would even consider extending this subsidy instead of wiping it out. Surely if you believe in free enterprise and private enterprise, and if this is the heart of your conviction, you do not want to subsidize and keep going something that cannot compete in the markets of the world.

Mr. Fleming (Eglinton): May I ask the hon. member whether he does not realize that it is government that sets the price of gold?

Mr. Fisher: I am quite aware that government sets the price of gold but it is not the Canadian government. With regard to that matter, I am just suggesting that there is a certain inconsistency here in the private enterprise, free enterprise myth that goes along with the Conservative party. I am, as well aware, as the minister is, that you are not a private enterprise, free enterprise party down the line. You are probably as pink as we are.

Mr. Fleming (Eglinton): Heaven forbid!

Mr. Fisher: I am very pleased to see this subsidy. I think it is great stuff. I just hope that these people who are giving us this private enterprise, free enterprise line would stop and realize that it is not free enterprise or private enterprise; it is a government subsidy keeping going an industry—the gold mining industry—that is so proud of flexing its free enterprise muscles. I have every sympathy with communities such as Timmins and places like that which come down to Ottawa seeking support and for the social reasons that led the government to extend this subsidy. I think they are admirable and I compliment the Minister of Finance on it. But I hope that some time, perhaps in the Conservative caucus, he might read a little lesson on the weakness of free enterprise and private enterprise in certain sectors of our economy and so explain to them that government action is not completely black and awful as many of the backbenchers especially seem to be putting forward here in this house.

I think one comment which the minister made is a very sound one. I think perhaps even members of my group and certain of

the Liberals have been unfair. He stressed that his government entered this house immediately following an election and that at that election they obtained a tremendous vote of confidence. I think that is a very sound argument. But I know the minister during his long stay in the opposition never allowed that matter to get in his way. I have checked the *Hansard* debates immediately after the 1949 election when the Liberal party was swept into power with such a great majority and I fail to find that he put halters on his tongue or took a very reticent part. He was extremely aggressive right after the election. I think that today we all acknowledge that certainly at this time his government has the confidence of the people.

I should also like to suggest to him—in contrast to what I have heard previous Conservative members say—that this budget has not gained a great deal of popularity in the country. It is not the most popular budget that has ever been brought down. There has been considerable criticism of it. Even such journals—righteous supporters of the government—as the Montreal *Gazette* have not been particularly kind to this budget or to the minister. I think that on this particular point he will have to recognize that we are just, in our poor and humble way, trying to carry out the duties of the opposition. If some of us are even taking his former actions in the opposition as a model, I hope that is not too hard on our dignity. I hope that he realizes that under it all we recognize that for a few moments and perhaps for another few months his party has the confidence of the country.

One of the points the minister stressed yesterday was that no one had come forward with any ideas to combat inflation; that here he had presented a budget, that inflation was one of the great problems of the country at the present time, and especially the Liberals had been retrograde in not coming forward with suggestions to stop this. There is a book that I have been reading—it was recently published—that has a number of suggestions on how to combat inflation. I should like to recommend it to the members of the house. It is a recent publication by a United States professor who had Canadian roots, namely J. Galbraith; it is called "The Affluent Society". There are a number of points from a commentary by another leading United States economist, Stuart Chase, on this book, that I think bear on this problem of inflation. This review from the *Reporter* magazine states:

> Another important change has occurred in the conventional wisdom since Ricardo's time,—

For those who do not know who Ricardo was, may I say that he was an early 19th century economist who predicted the continuance of poverty and insecurity in the world.

> —primarily as a consequence of the great depression. The goal of full employment and high wages is now supported by practically everybody in America.

And I would say in Canada.

> How else indeed can the affluent society absorb its own production? This goal entails, however, a painful side effect in the wage-price spiral and more inflation. "Where inflation is concerned," Galbraith notes, "nearly everyone finds it convenient to confine himself to conversation."

It seems to me that the minister and the Prime Minister are wonderful at confining themselves to exhortative conversation, especially to labour groups with respect to combatting inflation. The article goes on:

> "All branches of the conventional wisdom are equally agreed on the undesirability of any remedies that are effective." Effective means of combating inflation conflict with the ideal of production for the sake of full employment, and a bigger gross national product.
>
> There is a theory that advancing the discount rate—

And this comes into the tight money policy idea as reflected in Canada—

> —by the federal reserve will check inflation, but recent monetary history, alas, shows this to be an illusion. Such changes, furthermore, can be dangerous by checking business investment and encouraging unemployment, while administered prices soar majestically upward. The same attitudes that lead us to advocate full employment and the use of industrial plant at capacity "deny us the measures to prevent inflation." This is a shattering conclusion, but I am afraid it is true.

This is the comment of an economist upon one of the most important books on economics which has been published for some time. There is the question of inflation and the question of production, and the whole matter of how far we should push our gross national production. Should production, production, production be the only goal? One would almost gather that the minister thinks so, although I am sure that is not so. I know he is a man of religious conviction and I think he recognizes that there are many more important things in life than just pushing up our gross national product. I see, however, almost no recognition of this fact or of these other parts of life which are so important in this budget message which completely stresses the short range economic problems with which we find ourselves faced at the present time. Certainly in this budget there is no long range vision to pull us out of this inflationary spiral.

I think one of the brightest remarks made by Keynes, the economist, was that one of the difficulties in talking about short runs and long runs in economics is that in the long run we will all be dead. This is definitely

a short run budget and there is no long range hope in this budget that we are going to snap out of this trend toward more and more inflation. The only solution the minister seems to have is the exhortatory one of admonition to the opposition.

Before leaving this subject I would like to refer to some recommendations made by Galbraith in order to get ourselves out of this particular rat trap into which our race to increase the gross national product has got us. I especially have in mind the first one, which I believe is well worth consideration by this government. I know it is an extraordinary measure, but I believe it is one which would do a great deal to snap us out of this condition and I suggest that the government particularly consider it if this winter turns out to be as bleak as some people predict.

Galbraith recommends firstly a flexible system of unemployment compensation, financed outside of actuarial standards by the federal government, on top of what provinces may do. As unemployment increases, scales of compensation go up until they are just under weekly earnings. As unemployment declines, scales go down. Thus, when jobs are plentiful the system will provide little incentive for malingering; when jobs are scarce no useful distinction can be made between those who are voluntarily idle and those unable to find work. A full head of consumer demand is meanwhile maintained and "the effect...is to make tolerable the unemployment which is associated with price stability." Galbraith says we cannot hope to check inflation without having some unemployment from time to time and that this is a fact which must be faced.

Galbraith goes on to make many other suggestions which I think would be equally applicable and one of them has always been a bane of the life of the Minister of Finance (Mr. Fleming). This is that some form of limited price and wage controls should be instituted and a further step should be the automatic diversion of a share of the increasing income taxes to public authorities for public purposes.

I recommend that this analysis of what I would say is the North American economy and the difficulties in relation thereto should be considered together with some of the solutions suggested and that this will afford much assistance not only to members of parliament but to the Minister of Finance.

I would now like to refer to one point having to do with an omission in the budget, which I had hoped to see rectified. This matter has been taken up with the minister and I know he has his side of the story to tell. It has to do with an amendment which was presented during the last parliament to the Income Tax Act providing as follows:

> A person employed as a construction worker at a construction site from which he cannot reasonably be expected to return daily to his ordinary place of residence where he maintains a home in which he lives with his wife or other dependant shall not be required to include in income the value of free board and lodging furnished during the period of necessary absence or free transportation furnished to or from the construction site, or a reasonable allowance paid to him to cover expenses of such board and lodging or transportation.

During the last parliament the former member for Comox-Alberni and myself, together with the man who is now the leader of the Quebec Liberal party, pressed for this allowance to be extended to the loggers and bush workers in our country whose situation closely parallels that of the construction workers. A group of lumber workers in my area presented a brief to the Minister of Finance, and I must compliment the minister on the audience he gave us but the difficulty appears to hinge around this point: The construction workers who benefit from this particular amendment which was introduced comprise a very, very limited group. This legislation does absolutely nothing for the hourly wage earner; it applies only to people on salary and applies to the sort of executive or person on the managerial level. Very rarely does it help the bulk of the people working on a job. The fact remains that a bush worker or a logger in order to earn his income in most cases has to go away from his home and in effect maintain two domiciles or at least, if he is married, maintain a home in a town or village and also support himself on the job. He is unable to take advantage of this clause and even if the clause were to be extended to take care of loggers and bush workers it would not be of any assistance for the simple reason that under the contracts which apply in most cases in Canada between the unions and the employers in the woods industry there is no such thing as free board and lodging. The men pay for their board and lodging and the only way that any changes could be made which would prove effective for these men would be for the minister to bring in an amendment which would allow men living under these conditions, when they are maintaining a domicile in a city, to deduct what they pay for their board and lodging as an expense on their income tax returns.

Mr. Bigg: Would the hon. member permit a question? I was wondering if he could explain why the lumber industry, which was taken over by the socialists in Saskatchewan, closed down after large monetary losses, as

did some four other industries including the fisheries, tanneries and shoe-making industries.

Mr. Fisher: Mr. Speaker, I suggest that the question is completely irrelevant. I am not discussing Saskatchewan or provincial matters at all. I think the question brought up by the hon. member may be of interest to him and of interest to me, but it has nothing to do with changes in the Income Tax Act, and if the hon. member is just trying to cast a reflection on my interest in the lumber industry I would be a fool not to be interested because we have 12,000 lumber workers in our constituency.

Mr. Bigg: I do not require clarification of my education as to the efficacy of your socialistic programs.

Mr. Fisher: The efficacy of socialistic programs has been proved in many parts, and I suggest the hon. member should look at the gold mining industry, and what is being done for that industry. Now that is a socialist measure. Does he approve of that?

Mr. Bigg: There were no gold mines in that province, but we had an experiment in socialism which was a complete failure.

Mr. Fisher: Mr. Speaker, this dreadful failure in Saskatchewan always bothers me. I know the hon. member for Bow River brought it up, probably because he is a fugitive from there, an emigrant who had to go to vigorous Alberta and carve out a career for himself there.

Mr. Bigg: Ten boards closed down. That proved it was a socialist failure.

Mr. Fisher: I would just like to remind hon. members that the government has been re-elected a good many times.

Mr. Deputy Speaker: Order. I believe there are too many speakers at the present time.

Mr. Fisher: Well, I did not want to go into this free enterprise business. Anyway, the party across the way is not really a party of free enterprise. After all, these deficiency payments for agriculture, these subventions for coal, that is not free enterprise.

Mr. Martin (Essex East): How would you describe the party opposite?

Mr. Fisher: Pink, but not a really deep pink. I think there has been too much talk about blue over there.

An hon. Member: We are far from red.

Mr. Fisher: I would say that the minister has a nice healthy colour. But I should like to get back to the point I was making when I was so pleasantly interrupted.

The amendment that will enable the bushworkers to claim what I think is their due in the light of what the construction workers now have will be a very difficult one to administer; it is going to create problems for the income tax section which tries to administer it. But I would remind the minister that last year he promised he would give us fair and just treatment wherever taxes were concerned. That principle, he said, would be his sole guide in the application of taxation. I should like to suggest to him that there is an inequity at the present time in connection with this, and I wish he would keep it in mind and try to straighten it out. If he could do so it would mean much for the bushworkers in Canada who, I think, need this help.

One of the points in the budget was the increase in tax allowance to corporations, which the hon. minister hopes will lead these corporations into giving more to the universities. I notice we did not hear anything more in this budget with regard to the $25 million promise which the Secretary of State for External Affairs (Mr. Smith) seems to have made out west during the election campaign. A study of charitable donations made so far by companies would lead one to think that little gain will result from this increase from 5 per cent to 10 per cent. The total profits of corporations in 1955 amounted to $2,769.9 million; the total of charitable donations amounted to $26.3 million, representing a percentage relationship between charitable donations and profits of .9 per cent. How much of this charitable donation went to education we cannot be sure, but there are some figures which we can gather from previous years. For some years the national conference of Canadian universities has been attempting to gain from the federal government certain changes in the tax laws relating to deductions for charitable purposes in order to increase grants or gifts from private and corporate sources. The fact is that the corporations have not taken advantage even of the present tax situation. One wonders what they are going to do now that there is an additional 5 per cent. By law, corporations were permitted to deduct 5 per cent of their taxable income in respect of charitable donations. In 1956 they had deducted three-quarters of 1 per cent; in 1953 about $26.3 million or about 1 per cent of their net taxable income. In that year 5 per cent would have amounted to about $130 million. It is obvious from these figures that the corporations have not taken advantage of the 5 per cent allowance they previously had. I ask the minister, therefore, what leads him

to believe that they are going to take advantage of this additional 5 per cent. There is no need for me to make any comment on the importance of this matter, because the Secretary of State for External Affairs, when he was head of the University of Toronto, said:

> We want a great deal of money. Without wishing to sound ungrateful, I have sometimes thought, when a prospective donor makes an offer, that the industrial conscience in some instances can satisfy itself by putting a very small sum on the collection plate. There are shining exceptions...but on the whole Canadian corporations have not as yet taken seriously the needs of higher education.

And here is the key to the minister's comment:

> They have not even taken advantage of the 5 per cent deduction from their taxable income permitted under the tax laws of Canada.

The fact is that this increase is really going to do very little, if anything for the universities. I think the hon. member for York-Humber (Miss Aitken), who is a member of the government, stressed this point. It seems to me that this particular change will do very little to solve the university crisis which we are supposed to have had and which most of us believe we still have. I know one of the difficulties in connection with the corporate contribution to education is that many of our corporations are not Canadian, but when you get a branch plant economy you cannot expect United States companies to be as concerned with Canadian needs, especially university needs, as Canadian companies. I think the government has got to go much further with regard to getting corporation money to the universities than it has done by taking this particular step.

One of the other factors which is not considered at all by this increase is the fact that corporations in Canada are concentrated in certain sectors of the country. I do not know what this increase is going to do for the maritime universities or for some of the western universities where you have got much less in terms of a corporate tax structure to support you and it just seems to me that the change will mean, if anything more and more for those who already have more.

I am glad to see that the Minister of National Revenue (Mr. Nowlan) is in the house, because one of the final points I wish to touch on concerns his department as much as anything else. Several times I have brought up the question of the Premium Iron Ore Company, and the fact that this company is before the courts in the United States, the argument being that it is not legitimately a Canadian corporation and that it should therefore be taxed under United States tax law. This is a matter of great interest to the people in our particular area because Premium Iron Ore is tied in with our Steep Rock iron mine. I have sent some of the statements which have been made in this house by the Secretary of State for External Affairs and by the Minister of National Revenue to the gentleman who is at the head of Premium Iron Ore, Mr. Cyrus Eaton, and he has sent me the following answer in connection with the matter.

The point I want to make clear is that the Premium Iron Ore Company will have no redress if the case goes to the Supreme Court and is won by the United States tax authorities. Furthermore, it will place in a ridiculous position our double taxation treaty with the United States. In his letter, Mr. Cyrus S. Eaton said:

> If the American courts should decide the case against Premium, there would be no redress.

There would be no way by which Premium could get back the money it has already paid to the Canadian government in terms of taxes. I continue:

> Steep Rock and Premium sell iron ore in the United States so that it would be possible for the American tax authorities to attach the payments to Steep Rock and Premium customers.
>
> If the decision should go against Premium . . . because in the United States the ruling of the Supreme Court is binding on the Congress, the President and all departments . . . there would be no redress for other Canadian companies against the allegation that they were carrying on business in the United States. A principle would have been established which would be law in this country and no governmental authority here or in Canada could set aside the principle of the court.

If this is the case, I wonder why the Canadian government is not strongly protesting in an effort to keep that case from going to the Supreme Court.

Mr. Nowlan: How would you do it? Do you suggest we fire on the United States? What do you want us to do?

Mr. Fisher: No, we cannot declare war with the United States but I do suggest it should be taken up at the highest level, perhaps next week when we expect a distinguished visitor from that country.

Mr. Nowlan: Does the hon. member not realize that both the preceding government and the present government sent strongly worded protests to the state department and replies have been received from the United States government? What more can be done? My hon. friend's premise of law is entirely fallacious but I shall deal with that later on. At the moment I would like him to tell me what further can be done. In situations of this kind between two friendly countries the governments concerned can only express their opinions.

Mr. Habel: Send the minister down; he is a strapping, tall fellow.

Mr. Fisher: Someone has suggested that the minister should be sent to Washington to strike fear into the heart of the government. This is perhaps not an unwise idea if we remember the picture the minister presented two days ago as he stood with his fists flailing and his gigantic Bulk vibrating in indignation at the dirty, nasty criticisms from the opposition benches.

I suggest that public declarations on the part of such people as the Prime Minister have been receiving a great deal of publicity and I believe this would be stronger in a case of this kind than aide memoires that mysteriously disappear and find their way into the hands of United States senators. This is an issue on which some one at the top level of authority in this country should speak forthrightly when we have top officials from the United States here.

I hoped to have sufficient time to proceed to a discussion of the 15 per cent trade diversion proposal. I would only suggest to hon. members who are interested in a British economist's view of the Canadian proposal and Mr. Thorneycroft's counter proposal that there is a new book recently published which is called "British Economic Policy Since the War", a Penguin publication, by Mr. Arthur Shonfield. I hope hon. members will examine it because it exposes some of the fallacies of the 15 per cent offer. One conclusion I wanted to express which I gained from glancing at this book was that its author indicates that the former leader of the Conservative party, the Right Hon. George Drew, was not badly mistaken in analysing Canadian trade problems when he emphasized that Canada's future trade development would to a large extent have to lie with South America and the orient.

As this economist presents the case, the 15 per cent trade diversion or a free trade relationship between Great Britain and Canada would almost certainly lead England into dollar difficulties. If Canada were to carry through the 15 per cent diversion policy effectively she would have to come to some sort of agreement with the United Kingdom that would prevent Canada from being used as a mere entree for United States goods seeking to enter the British market through the preference that was being given to Canadian goods. This book and particularly the comments it contains concerning the proposal for the diversion of 15 per cent of Canadian trade from the United States to Great Britain is important reading, in my view, for almost any one who expects to rise in the House of Commons and speak on the subject.

My concluding words with regard to the budget are these. It is a short range, short run budget. There is no vision in it compatible with the dynamic program of Canadian development to which we are looking forward. Indeed, I would almost judge that there may have been some conflict within the cabinet in relation to the budget. The magnificent vistas that were opened up to us by the Prime Minister and which were echoed by the Minister of Northern Affairs and National Resources (Mr. Hamilton) led many people in this country to believe that we were going to witness a tremendous change in federal government policy. No change has occurred and there has been a certain letdown in relation to the budget. The budget does not reflect in a financial or economic sense the tremendous vision of the future of Canada in which the Prime Minister invited us to share.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, I was hesitant about taking part in the budget debate—

Mr. Rouleau: And well you might!

Mr. Tremblay: The solemn character of this assembly and the distinction of its members had filled me with understandable diffidence and, I daresay, an amount of fear which I found rather difficult to overcome. On the other hand, I realized that the proper thing to do at first was to listen to seasoned parliamentarians, follow their example and profit by their remarks.

However, I had felt for some time that the mandate given me by the electors of Roberval required that I should not remain a silent listener to discussions in which the interests of my fellow citizens are at stake. In addition, I am convinced that the first duty of a member is to express his opinion at the proper time, on national problems and on the solutions which are offered. I do not believe that there is a better opportunity to do this than the budget debate, since the policy of the government is, as it were, on trial.

I therefore join the discussion, but with all the caution required by my youth and my inexperience.

This being my maiden speech in this house, allow me, Mr. Speaker, to offer you my congratulations. You know that you already enjoy my confidence. It would ill become

me to wound your modesty by repeating what so many members have said about your integrity, your wisdom and your perfect gentlemanliness. Rather do I congratulate those who praise those qualities: they were right, and were only telling the truth.

Nor did they fail to draw the attention of the house to the qualities of the Deputy Speaker (Mr. Sevigny). I cannot do better than associate myself with those tributes. Let me add, about the chairman of committees (Mr. Rae), that I congratulate those responsible for such a wise choice.

Mr. Speaker, I said a moment ago that the budget gives us an opportunity to put government policy on trial. The speeches we have heard so far are the best evidence of this. I cannot help saying that they reminded me of some trials in which the evidence was not particularly conclusive. I refer especially to speeches of Liberal back-benchers.

From the hue and cry raised by members of the opposition, one would think that the Canadian political situation is at its worst and that all that can be done now is to withdraw to some secluded spot to meditate while awaiting the final catastrophe.

I will not claim that everything is perfect and that the budget introduced by the hon. Minister of Finance (Mr. Fleming) gratifies every last wish of the Canadian taxpayer. Besides, such was not the intention of the minister who, drawing upon all his knowledge of economics and his superior talents, brought down a realistic budget which takes into consideration the Canadian economic situation. I believe he succeeded in meeting the requirements of the Canadian economy and the legitimate wishes of the taxpayers, not in the sense that tax reductions are extravagant but in the sense that, having regard for the present situation, the taxpayers will enjoy substantial reductions in certain fields without being burdened by other charges in other fields.

I suppose our friends opposite feel the great urge to ask where the tax cuts are. The answer to that one is easy. The Conservative government has granted, in the course of the past four or five months, substantial tax reductions totalling more than $200 million. Added to that, there will be the savings made by taxpayers thanks to the new measures contemplated in the budget. There is no justification therefore in crying hardship and saying that the government did not make good its promises to the electorate. If the government has yet to make good on some of them, it is in the process of doing so, and the experience of administration that our friends opposite have gained should have made them realize that sometimes the implementation of some measures takes time.

At any rate, I believe that, if the budget is somewhat disappointing to anyone it is because the government has anticipated on the program it intends to achieve in the course of the next fiscal year. In fact, even before making his budget speech on June 17 last, the Minister of Finance had provided some tax relief. We should therefore feel grateful to him for that. Much has been said about the deficit and, in this regard, government opponents did not fail to use electoral and demagogical tactics by reviving an obsolete antitoryism. All that musty gammon and spinach, all that prattle is so phony that it is not worth talking about. We only have to put them to the account of some hon. members who seem to believe that the government puts their seat at stake, or attacks their prestige when it proposes to abolish the tax on rodent poison.

On the contrary, I believe that the deficit budget presented by the Minister of Finance, and so well defended by him yesterday when he replied to the official objections of the opposition, is a realistic budget. The minister must be given credit, great credit, for not having concealed the truth. Of course, it is not particularly pleasant for the Minister of Finance to reveal certain things and to demand certain sacrifices. But, he is duty bound not to abuse the confidence of Canadians. Who else is in a better position to inform Canadians about the economic situation? As soon as the situation is clearly defined, if the citizens have confidence in those who preside over the destinies of the nation, they leave it up to these people to take care of the nation's financial problems. I am fully convinced, in any case, that all Canadians have already accepted the provisions of this budget. On the whole, it is quite satisfactory: if we consider the tax reductions of the last few months and the improvements in social security measures, this budget efficiently lightens the taxpayers burden. On the other hand, it attempts to control an unstable economic situation which could touch off a more serious regression. I would remind those who criticize the budget on the basis of the deficit of those very pertinent remarks made by a distinguished economist, the hon. member for Rimouski (Mr. Morissette) who said, as recorded on page 1711 of *Hansard* of June 27:

I was surprised to find that our Liberal colleagues base all their disparagement of the budget on the fact that this year the government will have a

deficit of about $650 million, when the very A B C of economics say that, in periods of recession, government expenditures should be maintained at a very high level.

Surely, the hon. member whose words I have just quoted will not be blamed for taking heed in this wise of principles expounded by someone who is still the economic adviser of the opposition.

All this, Mr. Speaker, leads to the conclusion that the budget introduced by the hon. Minister of Finance is not a camouflaged budget, a travesty of the present economic situation, as was the case in the first few months of 1957. This budget sets out the economic facts; it recommends appropriate measures; it refers to problems of importance and suggests efficient solutions; it shows certain trends and admits some concern. The hon. Minister of Finance thus institutes a kind of dialogue with the people of Canada, telling them just what the economic situation of the country is, and avoiding at the same time to induce that depression psychosis which the experts from the opposition are striving to create. They are very badly inspired to do so, because they contradict themselves, they who unanimously foretold for Canada an unprecendented economic development, at the time of the June 1957 election, when they had received from their own economic experts all the evidence showing that Canada was then drifting seriously towards recession. Those gentlemen of the Liberal party have no more right to castigate the government for not reducing taxes than they themselves had done. When will they start telling us about the fabulous tax cuts introduced under a Liberal regime? When will they come out with a table of tax reductions instituted under their wise administration?

An hon. Member: Let the hon. member for Hull listen to that!

Mr. Tremblay: Their newly-formed awareness of the people's will is all to their credit, but it does not fool anyone. They have too richly deserved the reputation of stranglers of the people, for us to challenge such reputation. In this respect, I found touching—

An hon. Member: Touché!

Mr. Tremblay: —the remarks made by the hon. member for Lapointe (Mr. Brassard)—I see that he is now occupying his seat—who said the other night, as found on page 7 of the appendix to *Hansard* of June 26:

> There is no word there of any reduction in tax, only ominous silence with regard to family allowances, and complete silence too with regard to federal-provincial fiscal relations.

Where does such solicitude come from? I do not think that he learned it from his present leader (Mr. Pearson). The hon. member for Lapointe has probably not forgotten the statements made in 1953 and 1957 by the then secretary of state for external affairs of Canada. Here is a report of *La Presse* of July 23, 1953:

> The minister for external affairs, the Hon. Mr. Pearson, said last night that the 16-point program of the Progressive Conservative party includes nothing else but charges and promises, and constitutes a program which would be highly detrimental to the Canadian economy.

Mr. Brassard (Lapointe): There was no unemployment at the time.

Mr. Tremblay:

> Speaking before some 150 people, Mr. Pearson branded as "utterly ridiculous" the promise of Mr. Drew to reduce taxes by $500 million per year if he were elected. We have nothing against anybody suggesting to reduce taxes by such an amount, but we denounce Mr. Drew's contention that he can reduce taxes by $500 million without reducing the social services, or materially increasing the national debt.

Mr. Brassard (Lapointe): There was no unemployment in 1953.

Mr. Tremblay: From the same paper, on May 27, 1957, I read the following statement:

> Instead of making promises, the Conservatives had better tell Canadians—

And there was unemployment at that time, in spite of what the hon. member for Lapointe might say.

Mr. Brassard (Lapointe): If there was, you did not discover it.

Mr. Tremblay:

> —how they are going to reduce taxes and government expenditures, Hon. Mr. Pearson, Secretary of State for External Affairs, stated on Saturday night. He added that 40 per cent of government expenditures are earmarked for national defence: "It would be very unwise to neglect our insurance policy against war".

This was in the heyday of the Liberal party—

Mr. Brassard (Lapointe): No unemployment.

Mr. Tremblay: —at the height of its power, but very close however to the Tarpeian rock. However, the only thing that mattered then was to fight the Conservative party and prevent the people from believing in the Conservative party. One had to use all the necessary force of persuasion. The Liberal policy was well defined; it did not vary in that field from one member of the party to another. In 1957, they were opposed to tax reductions at a time of unemployment. Reserves had to be accumulated and surpluses piled up, there being a fad, at the time, about surplus budgets. The events of June 10, 1957 forced our friends

to change their stand. Immediately, they came out in favour of tax reductions. They quoted figures as impressive as $400 million a year. For once, they were forced to pass from facts to promises; the trouble is that the electors did not believe in them. The Liberals had done so many things, they had made so many mistakes that the people chose to give their confidence to a group of men who, during the elections, had promised to reduce taxes and who, as soon as they were in power, did in fact reduce them.

I have no objection to the hon. member for Lapointe's request for tax cuts. I quite approve of it. In fact I ask for tax cuts myself most strongly on behalf of the taxpayers of my constituency. However, I do so with peace of mind because the leader of my party never had to turn his coat on this point. He pursues his objective of constantly improving the financial situation of Canadian citizens.

Mr. Deschatelets: Apparently, you were not present at the Conservative convention.

Mr. Tremblay: Does the hon. member wish to ask a question?

Mr. Deschatelets: I am asking you if you were at the Conservative convention.

Mr. Tremblay: Since my hon. friend is a man of high culture, I advise him to read "En attendant Godot."

The same hon. member had another very touching remark about exemptions. I now quote from page 7 of the translation annexed to *Hansard* of June 26:

> The budget offered an opportunity to increase the basic exemptions which would have been a form of tax reduction.

I suppose the former minister of finance, Hon. Mr. Harris, did not seek the advice of the future member for Lapointe, on April 6 1956, when, to a labour leader asking for exemptions of $3,000 for married men and widowers and $2,000 for unmarried people, he replied in the following terms:

> If exemptions were raised to $2,000 for single persons and to $3,000 for married people, the amount of income tax collected would be reduced, in our estimation, by more than $500 million, not taking into account an important reduction of income from the old-age security tax. Now then, this amount of revenue would be sufficient to pay the operating cost of the Departments of Agriculture, External Affairs, Justice, Labour, Mines and Technical Surveys, Public Works and the Post Office together, or to pay for family allowances, old age assistance, health subsidies, pensions to the blind and several other services of the Department of National Health and Welfare.

And the former minister of finance went on to say:

> If revenue from income tax was reduced by $500 million or more, substantial reductions in our expenditures in the field of social welfare or of defence, or considerable increase of other taxes, would be necessary. I do not believe that the majority of Canadians would approve either one of those solutions.

Mr. Speaker, to achieve so miraculous a conversion, our friends must have earnestly ruminated on the meaning of their defeat. They must have mustered many spirits from the great beyond to find themselves suddenly in such a state of grace!

Mr. Brassard (Lapointe): What did the present Minister of Finance have to say about tax reductions in 1953?

Mr. Deputy Speaker: Order.

Mr. Brassard (Lapointe): May I ask a question of the hon. member?

Mr. Deputy Speaker: I would ask the hon. member to let his colleague from Roberval go on with his speech without interrupting him, unless the hon. member for Roberval allows—

Mr. Tremblay: I am quite willing.

Mr. Deputy Speaker: —him to ask a question.

Mr. Brassard (Lapointe): Mr. Speaker, the hon. member for Roberval has just spoken about the statement made by the former minister of finance, Mr. Harris. I would ask him if he would comment now on the observations made in 1957 by the present Minister of Finance about tax exemptions, to the effect that the basic exemption should be raised from $1,000 to $1,500 for single persons and $2,000 to $3,000 for married people.

Mr. Tremblay: As my time is rapidly running out, I cannot do so. The hon. member for Lapointe is just about to go on another trip. To help him in his meditations I advise him to re-read "Le voyage de M. Perrichon".

Mr. Brassard (Lapointe): Something you would like to do yourself.

Mr. Tremblay: As I was saying, Mr. Speaker, to have achieved such a miraculous conversion, our friends must have earnestly pondered on the meaning of their defeat. They must have mustered many a ghost to find themselves all of a sudden in such a state of grace!

They are now acting the busybodies, each trying to outdo the other. All of a sudden, they have discovered the ills which afflict our country. I find it strange that the same man

who, during his electoral campaign, confessed on television that the Liberals had fallen asleep at the helm, that they had lost contact with the people, must today so bitterly criticize a government which has just achieved absolute power and which, after a few months of administration, managed to reduce the fiscal burden by $204 million, to increase payments on pensions of all kinds, and to promote a public works program of some $1,185,000,000. I feel that it is a promising beginning and that it is wrong to complain, especially when the Liberals must not have a very clear conscience in this regard. The judgment of the people, so categorically expressed on March 31 last,—judgment against which appeal is now being strenuously made, —should rankle as a remorse in their hearts. And I am very much inclined to believe that it is to get relief from some fixed idea which obsesses them that they have undertaken to systematically demolish the government's policy.

I have no intention whatever of challenging their right to criticize. That is the role and duty of the opposition. It thus fulfills a sound regulating function. It helps prevent some dangers and avoid temptations that stand in the way of regimes that are too powerful. But the opposition should refrain from obstruction. For that, it must not be prejudiced and, above all, must avoid any electoral preoccupations. It is precisely that serious mistake which the present Liberal opposition cannot avoid. It has too much to do trying to regain, by all means possible, the confidence of the people to remain within the limits of objectivity. It goes further than that, and the remarks made here by some Liberal members fall little short of outright demagogy.

Efforts have been made, Mr. Speaker, to disparage those members who form in this house the Conservative representation from Quebec. Some have tried to brand us as supporters of a provincial political group, regardless of the fact that the provincial Liberal party has never been anything but a subsidiary of the federal Liberal party, and forced to bow to its sovereign will.

Some hon. Members: Hear! Hear!

Mr. Tremblay: I may say, Mr. Speaker, that the members from the province of Quebec are here because the electors sent them here as representatives of the Conservative party. As regards the political opinions in the provincial field, that is a strictly personal business. Anyone is free to support the party of his own choice, on the basis of certain convictions and certain facts. None of us, in this regard, need accept lectures from members of the Liberal opposition. Besides, those Liberal members are definitely lacking in ability and, to a certain extent, lacking in tact, since, for a second time, the provincial Liberal party has seen fit to elect as its leader a federal member from the same party.

Some hon. Members: Shame!

Mr. Tremblay: Let them go and ask Mr. Lesage what reasons impelled him to become a deserter, leaving in the lurch the tattered remnants of a team already quite thinned out.

I now come, Mr. Speaker, to a subject which forms the basis of the criticism of the Liberal opposition: the Conservative representation from Quebec. This took the Liberals by surprise. It dispelled an illusion to which they had clung obstinately. They had thought they could hold on in the province of Quebec, calling up, to gain confidence and save face after June 10, 1957, their triumphs of 1949 and of 1953. But they had forgotten that public opinion had changed since the days of 1948 when the population of Quebec was asked to forget the slaps in the face and the broken promises, as well as the war policy of the Mackenzie King government, and to support, in the name of race and religion, a fellow citizen of the same language and creed. Citizens of the province of Quebec and of Canada were right in then giving confidence to a man who proved himself a great Canadian. But it turned out that the Liberal government, even led by a great leader, abused its strength and lost touch with the people. That is why the people have withdrawn their confidence. It is then that the Quebec Liberals have believed, Mr. Speaker, that they could hold the province of Quebec by raising racial and religious prejudices.

I do not hesitate, Mr. Speaker, to deal with that subject. I must emphasize that I am keeping very close to the subject matter of this debate since we have to examine all the aspects of the government's policy in order to discover why Canadians must today give their confidence to the Conservative party.

I am pleased to state that if the Canadian electorate has expressed so spontaneously its affection and confidence in the Prime Minister (Mr. Diefenbaker) it is because he personifies a comforting form of national conscience for all the racial elements of this country. Since his election at the head of the Conservative party, he has never ceased to advocate national unity. He has done so unremittingly by word and deed. For once, Canadians have the satisfaction of hearing the same

thing from one end of the country to the other. The province of Quebec, in particular, has not been favoured with a special and specious version of those words on unity. No one has tried to sell them a political idea through false pretenses. The same gospel of national unity, of harmony and co-operation "for a better Canada" has been preached. But they have been assured, this time with new emphasis, that the essential civic liberties would be respected and that the Canadian constitution would be, as it should, the guarantee of such liberties.

I recall that during the last electoral campaign, some newspapermen expressed their surprise that the Prime Minister was not making more promises to the province of Quebec. Liberal spokesmen instantly scented an easy and convenient trail. They started to blame the Conservatives for not making enough promises. But the electors were not fooled. They had too bitter memories of Liberal promises of a Canadian flag, of an ambassador to the Vatican and of bilingual cheques. And they had long been aware of the comedy put up on that theme by the former member for Quebec-Montmorency. Just a few hours before polling began, when the Prime Minister came to Quebec and said:

—one of the great strengths of our country is its ability to draw on the two greatest cultures of the modern world, English and French cultures, to create a truly Canadian spirit—

And then he said:

I do not think there is in Canada any majority or minority; there are only equal partners embarked upon the same undertaking: the undertaking to work towards the progress and the welfare of the whole country—

Then, Mr. Speaker, the Canadians of our province realized, through that statement, the deep sincerity of the man who is seeking, as he said the other day, a way to weld together Canadians of various ethnic origins. I know that there were again some newspapermen who questioned that last intention and found it suspicious. I can understand such caution from people who have been used to prejudices. That is why I denounce the manoeuvres of the Liberal party, those unfair electoral practices, which were unsound and morally dishonest and tended to hold the hon. Prime Minister as an enemy of the French Canadians in the province of Quebec. When, the other day, the hon. member for Lapointe (Mr. Brassard), and all hon. members of his group who spoke before him, launched into a series of criticisms of the budget, they could have included what he said on television and over the radio during his electoral campaign, when he made use of the accusations of his party against the person of the Prime Minister, and read abusive pamphlets against the religious and ethnical convictions of the hon. Prime Minister.

Mr. Brassard (Lapointe): Those are only quotations.

Mr. Tremblay: I have on file, Mr. Speaker, some of those publications. It is not for the purpose of reviving electoral quarrels that I report that attitude and that I speak as I do. It is for the purpose of inspiring our friends of the Liberal opposition with a certain form of caution in their criticism. Today they are playing the game of objectivity; they are criticizing the Conservative government. Yesterday, they were condemning the leader of the Conservative government. They tried to raise some doubts and some hard feelings towards the policy of the Conservative government. They carefully avoid mentioning that the electors refused to follow them in their attempts to discredit the hon. Prime Minister. It is to denounce such hypocrisy that I have spoken about those facts, as I do not want the public to be misled once more.

The electors of the province of Quebec voted for the Conservative party on the basis of its serious political program and its achievements. It would be an insult to their conscience to claim that they have yielded to all sorts of entreaties.

Instead, they ignored the calumnies which, —if not expressed openly at present by Liberal members from the province of Quebec, now in this house,—are not forgotten by those who heard them during the election campaign.

Mr. Brassard (Lapointe): This is not the provincial assembly.

Mr. Tremblay: Allow me to tell my hon. friends of the opposition who sent me this splendid red flower that I shall lay it on the grave of the Liberal party.

It is high time, Mr. Speaker, that some misconceptions which are fatal to good understanding between various racial groups of our country, be cleared. The sentence pronounced by the Canadian people, on March 31 last, shows eloquently that the electors of this country are enlightened judges of our political actions, and that we would be mistaken in trying to distract their attention from essential administrative problems. I am delighted because I see in this a sign of political maturity and the assurance that demagogues will no longer be listened to. At any rate, for the information of those who, a few years ago, denounced political immorality in our province and of those who make it

a point of discrediting our province, I might add that I do not understand why they are so slow in denouncing the campaign of racial and religious prejudice carried out by the Liberal party and of which the former member for Quebec-Montmorency has given now a too notorious example.

I know for sure that from now on Liberals will have to find other themes than those they have kept using in the province of Quebec to denounce the Conservative party and make it appear as a scarecrow synonymous with war, conscription, economic depression and racial and religious prejudice.

Mr. Rouleau: And unemployment.

Mr. Tremblay: On March 31 it was revealed how worn out were these old methods and how inefficient they had become. Liberals had to answer for their actions; the nation required of them an exact accounting of their stewardship. Such answer as they gave, no doubt, was far from being satisfactory to their accusers. To defame the Conservative party it was far too easy to talk of the 1917 conscription or of the depression of the thirties. The Liberals were far luckier than they deserved, in 1939, when the second world war brought an artificial prosperity to this country and seemed to demonstrate that they had been right in their statements against the Conservative party.

An hon. Member: Artificial for twenty years.

Mr. Tremblay: And it is largely because they failed to prepare Canada for normal conditions and for a peacetime economy, that this country now finds itself in a somewhat difficult position.

Whatever is done now in the way of rousing of anti-Tory feeling, whatever attempts are made to make a bogey out of the Conservative party, this will henceforth be no way to gain public support. Since the far-off days of 1917 and 1930, modern improvements have brought about a radical change in means of public information. No longer can anybody prevent people in British Columbia, for instance, from hearing, on the same day and at the same time, what is being said at the far end of Newfoundland. The provinces of this country are now in a position to speak to one another and it would be a very serious error to fail to take into account this factor of unity.

The Liberal party must therefore find something else to say. More particularly it must, as far as the province of Quebec is concerned, draw on resources other than those which it has exploited so far. No longer will it do to preach unilateral unity. Those tactics will have to be replaced by a truly national policy. I hope the Liberals in this house realize that their present numbers, and the fact that they represent only a very few provinces, are the best possible demonstration of their party's failure in the national field. It should be sufficient to point out that close to one half of them represent the province of Quebec. Let them reflect on that fact, which confirms what I was saying about the events of 1949 and 1953, events which, while admirably serving their party, failed to assure its national survival. This might well be because the Liberal party has lost sight of its beginnings and did not remain faithful to its basic principles. It was to be the party of freedom and reform, as stated by Sir Wilfrid Laurier in a speech delivered on June 26, 1877. He said:

> The policy of the Liberal party is to ensure the protection and defence of institutions, the spreading of influence, and—within the framework of these institutions—the development of our country's untapped resources. That is the Liberal party's policy; there is no other.

One can hardly deny that the Liberals of today have followed the downward trend. The twenty-two years of Liberal rule have belied the magnetism and the truth of Laurier's words. What it amounts to, Mr. Speaker, is that the Liberals of today are whittled-down Liberals, mere shadows of the Liberalism of former times—of that Liberalism which, judging by Sir Wilfrid Laurier's words, was indeed to bring about radical changes in Canadian institutions. But the Canadian Liberals were scared of the principles which they had borrowed from Europe; they wanted to water down, little by little, what was disquieting in their basic principles; they were afraid of going right through with it, of drawing the conclusions arising from their premises and of proving themselves to be true, strictly conforming Liberals. They did not have the courage of their political convictions. They ended up with that drab type of Liberalism, drained of its doctrinal content, with which we are familiar. And their principles are so inadequately given expression that it is difficult to associate Laurier with these politicians who have bartered their gospel of doctrinal Liberalism—which I do not approve of—for a vague creed of electoral opportunism.

Give me the Conservative tradition; it is based on the facts of history. The party of Macdonald and Cartier has never wished to break with tradition. It has not looked for a solution in historical continuity. It continued with its natural development within the constitutional framework of 1867. Never did it wish to blaze an unbroken trail, or advocate steps which were not in all respects in accord with the spirit and the letter of our constitutional instrument.

I believe the strains we are feeling at the moment arise from the Liberal party having implemented an artificial constitutional evolution in Canada; and this political phenomenon finds its expression in the constitutional solutions of the Liberal party. That these solutions do not correspond wholly with the nature and the spirit of the British North America Act is the least that one must admit.

Thus it is, for instance, that the advocates of Canadian neo-Federalism try, by subtle means, to swing the pendulum of constitutional frictions. They would like to change an economic framework—in itself contingent upon, and subject to, the shifting conditions of our country's economy—for a constitutional formula—

(Text):

Mr. Deputy Speaker: I am sorry but I must inform the hon. member that his time has expired. I now recognize the hon. member for Quebec East.

Hon. Paul Martin (Essex East): Mr. Speaker, I thank you very much for the honour of designating me as the member for the historic riding of Quebec East, which for the greater part of Canadian history, has been represented in this house by a member of the Liberal party.

Mr. Bell (Carleton): Not now; the condition has materially improved.

Mr. Martin (Essex East): In rising to take part in this very important budget debate I would like at the outset to say to my friend and classmate who has the great distinction of being the first Conservative in almost a quarter of a century to present a budget to this nation that, as one of his friends and contemporaries, I share his pride and his deep satisfaction in having that honour. I am sure that we in this house all recognize that the Minister of Finance (Mr. Fleming), a man of the greatest integrity and—as he once told us—a man of the greatest industry, would try to do all he could to present a budget which would satisfy a maximum number of citizens in this country.

However, while I congratulate my hon. friend on the great achievement that is his of being the first Tory in many years to present a budget in this house, I regret, also as a friend, that this particular budget should have so many shortcomings and that it will always be recognized as a budget presenting the greatest deficit in Canadian history.

My hon. friend yesterday did himself less than the justice one would have expected from the Minister of Finance under the circumstances. He admonished the opposition because we had not indicated to him how savings might have been provided for and how the consequences of those savings might have been handed on to the Canadian people.

I would merely remind the minister as he himself reminded his predecessor, that no opposition is free from the obligation of making constructive suggestions from time to time.

But the primary obligation in the matter of the conduct of government in a country such as ours rests on the hon. gentlemen who sit on your right, Mr. Speaker.

Now the present Prime Minister (Mr. Diefenbaker) said in this house in 1957 something which I think my distinguished friend the Minister of Finance might well wish to remember on this occasion. The present Prime Minister, who was then, of course, speaking on this side of the house, said:

> I say to the government, if you would meet inflation, physician, heal yourself.

Mr. Fleming (Eglinton): I thought it was "thyself".

Mr. Martin (Essex East):

> Let us have some action on the part of the government to bring about the reduction of unnecessary expenditure . . . The governor of the Bank of Canada has warned the government. The government saw his report before it was produced here. He warned them about government expenditures and the need for action to reduce them. Yet instead of taking action the government fans the fires of inflation by failing to restrict its own expenditures. Indeed, the major creator of the existing inflation is the actions of this government . . . No one denies that there is no painless cure for inflation. We have to cut down total spending where total spending exceeds our productive capacity. Cuts are imperative.

I would remind the Minister of Finance of these words. The leader of the opposition concluded, in 1957, by saying:

> Again I say it is the government itself which must act.

So I say to the Minister of Finance, a member of a government which said it was possible to increase expenditures and at the same time present a balanced budget, that in the face of this deficit which we on this side of the house contend will be over one billion dollars in 1958 and 1959 it is up to this government, that it is up to the government of which he is a member, to effect the necessary reductions in all government departments.

I would remind the Minister of Finance of the paraphrased words of the hon. member for Greenwood (Mr. Macdonnell) who, addressing the former minister of finance, said:

> Let the minister of finance have courage. Let him confront each and every one of his colleagues before they go to treasury board, and say to them:

you will have to curtail expenditures by this percentage or there will have to be an understanding between us as colleagues in the same government.

The Minister of Finance has primarily on his shoulders the responsibility for doing what he told us yesterday evening was our responsibility.

The present Prime Minister, when he was leader of the opposition, told the people in the last election that he could at the same time incur additional expenditures and provide a balanced budget—

Mr. Fleming (Eglinton): It was not the last election.

Mr. Martin (Essex East): He said "Give us the power and we will show you". They were going to cut down government spending, eliminate waste and balance the budget. They were going to cure unemployment; they were going to increase our trade and divert some $625 million from the United States to Great Britain. They were going to avoid inflation; they were going to embark on a great new program of public works; they were going to ensure our farmers a fair return for their labours; they were going to reapportion tax revenues among the other levels of government so as to provide the provinces and the municipalities with much larger incomes. These were the assurances given to the people in the last election and in the election of 1957, and the minister who now shakes his head—

Mr. Fleming (Eglinton): I was not nodding my head. I was shaking my head.

Mr. Martin (Essex East): I think the minister should be reminded of these promises, and if our public life means anything, the people who made these promises must continually be reminded of them and held to them.

Instead of these promises being fulfilled, we are faced with a billion dollar deficit. This, the Minister of Finance denies, notwithstanding the fact that the head of the Canadian Tax Foundation, the president of the Canadian Manufacturers Association, and disinterested observers and writers throughout this country have taken the position that the minister's estimate is certainly far short of what he will have to present to this house on the occasion of his second budget.

Mr. Fleming (Eglinton): They do not justify the figure you have given.

Mr. Martin (Essex East): The minister shakes his head, but that will not in any way disturb the fact that the president of the Canadian Tax Foundation has estimated that the deficit will not be less than $900 million.

Mr. Fleming (Eglinton): That is not correct.

Mr. Martin (Essex East): The main criticism I have to make is that in the face of current economic conditions, in the face of the present abnormal level of unemployment in this country and in terms of what I contend to be a developing trend in unemployment which may be more serious than what we have experienced up to now, this government, through its Minister of Finance and through this budget, has not appreciated the seriousness of the economic situation which now confronts this country and which, I am going to argue, will face us with increasing severity in the months ahead.

The other day we asked, through a motion put forward by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), for the economic survey for 1958, and the Prime Minister, resisting that motion, said it was a secret document. He did not use the phrase that it was a hidden document, but he said it was a document confidential in character which, because of the public interest, could not be given to the Canadian parliament or to the Canadian people at this time.

Mr. Speaker, we have the right to ask of this government whether these budgetary policies as presented by the Minister of Finance represent the advice given to the government by its financial officers, by its trade officials, by officials in the Bank of Canada and others in the public service competent to advise the ministry in matters of this sort. We have the right to suspect in the face of many indications that this budget does not represent all of that opinion and all of that advice. We have grounds for suspecting greatly that this government in its budget ignores the financial situation which now confronts the nation and which is likely to confront it in the months ahead. Hon. members will not forget how on January 20 last, the present Prime Minister, speaking in this house said, as recorded on page 3522 of *Hansard*:

My hon. friend said there are problems today that were not even contemplated last June. I intend to establish as clearly as the printed word will make possible that during the months of March, April, May until June 10, my hon. friends concealed from the Canadian people the facts.

Then at page 3526, the same right hon. gentleman, speaking of this confidential document, this secret document, this hidden report which continues to be produced by the Department of Trade and Commerce and which has been denied to us by the right hon. gentleman in 1958, said:

They went ahead with the policy which could not but accelerate the forces that were bringing about a deflationary condition in Canada. I am going to now read from this document in order to answer my hon. friend who the other night said, "In

June there was no problem of unemployment; our trade was at the highest level; we had an expanding economy."

Today one looks back and realizes that these men who were in power did not do that of which my hon. friend spoke in such colourful terms the other night. He said we must not conceal facts, but I put it to the hon. members opposite—every one of them in the official opposition—that they hid the facts; they concealed the record; they did not let the Canadian people know what was taking place.

An hon. Member: A good speech.

Mr. Martin (Essex East): Someone says, "A good speech". Yes, it was a good speech and because it was a good speech I am now using it as a basis for the action I am going to ask the Minister of Finance to take. If it was right for the Prime Minister in January of 1958 to embark on the unprecedented step of divulging to this house a document marked confidential and secret that had been prepared by one department of government dealing with the economic situation of the country, does any hon. member deny that it is right that this house should now ask the present Prime Minister to now reveal to this parliament and to this nation the economic survey presented by the Department of Trade and Commerce to this government in 1958?

The former minister of finance, Mr. Harris, in his budget speech in 1957 did not dodge the implications of this so-called secret, hidden report which the previous government, in the language of the present Prime Minister, "refused to give parliament" and the current counterpart of which that same right hon. gentleman now refuses in 1958 to disclose to each and every one of us so that we can ascertain the extent to which the Minister of Finance properly carries out the recommendations and the policies of Her Majesty's advisors in Canada. What was right in 1957 regarding the document known as the economic survey by the same logic must continue to be valid in 1958.

In 1957 Mr. Harris, the then minister of finance, did not overlook the danger signs outlined in the so-called secret, hidden document which the present Prime Minister placed on the table of this house at our insistence once he had made reference to it. The minister of finance in 1957 clearly took cognizance of that report. In fact he used practically some of the very words contained in it indicating the seriousness of the situation as the authors of this report saw developing.

Mr. Fleming (Eglinton): That is just what he did not do.

Mr. Martin (Essex East): To compare his statement in that particular with the statement of the Minister of Finance today is abundant proof of what I have said. The Minister of Finance today did not do what Mr. Harris did.

Mr. Ricard: Thank goodness.

Mr. Martin (Essex East): Mr. Harris devoted a section of his budget to the economic prospect—

Mr. Fleming (Eglinton): That is just what he did not do.

Mr. Martin (Essex East): I suggest to the Minister of Finance that he listen carefully to what I am going to say. The then minister of finance, Mr. Harris, devoted a special section of his budget to the economic outlook including references to the probable behaviour in 1957 of those things that constitute the gross national product, such matters as investment, exports, government and consumer spending. But the present Minister of Finance in his budget speech of June 17 gave us no indication whatever as to the probable trend of exports and of government and consumer expenditures—

Mr. Fleming (Eglinton): I certainly did.

Mr. Martin (Essex East): —and of the labour force and profit margins for 1958. As a matter of fact, my hon. friend did the house a great injustice in this particular. The only thing he did was to refer to the 1958 outlook for private and public investment, a document that had been issued some time before by the resourceful Minister of Trade and Commerce (Mr. Churchill) who sits on my hon. friend's right.

Mr. Fleming (Eglinton): Did the hon. member want me to make a longer speech?

Mr. Martin (Essex East): As I have said, this publication was issued months ago by the Minister of Trade and Commerce. It forecast a decline of 3 per cent in capital expenditures, a point which my hon. friend the Minister of Finance did not underline at all.

I have spent some time on the economic survey of 1958 and on the right of parliament, in light of last year's precedent, to know what that document contains. Does it reflect the judgment of those impartial bodies such as the Canadian Tax Foundation, the Canadian Manufacturers' Association, the Canadian Chamber of Commerce and the very excellent study on unemployment made by the Canadian Labour Congress? Does it reflect the attitude of the Department of Labour? I suggest to the Minister of Finance that the reason the Prime Minister refused to give the house the 1958 economic survey is because that survey does not support the main lines taken by the Minister of Finance

in his budget, a budget that denies the critical seriousness of present and future unemployment levels.

The Minister of Finance was the last minister in the government to acknowledge last fall and last January that there was a serious problem of unemployment. The Minister of Finance by this budget completely ignores the recession which Canadians are experiencing. The minister seemingly is gambling on the possibility of a sudden upturn which we all trust will eventuate. I am going to suggest, in anticipating the kind of argument that will be made by those who do not like a realistic appraisal of the economic situation as one sees it in the country, that I sincerely hope the upturn in our country will be such as to warrant the Minister of Labour (Mr. Starr) being able to refer to low unemployment rolls and to show a minimum number of unplaced applicants under the national employment service. I earnestly trust that the export position of this country will improve. I hope that no hon. member will say that because the facts do not seem to support this kind of assessment we are not doing our duty to the nation when we, as well as impartial observers, indicate how completely out of step this budget is with realities in our country at the present time.

The acting minister of labour tabled the other day some figures showing 366,000 persons unemployed and 607,000 unplaced applicants in the last reported month. I suggest that the gap between these two figures, the number of unplaced applicants and the actual jobless, is so great as to warrant the dominion bureau of statistics taking a second look at them and seeing whether or not the gap which is unusually large does not represent a much greater margin of error than can reasonably be expected through the sampling process. I realize that the estimate of the dominion bureau of statistics is based on a small sample survey taken each month and it is possible that a greater than average margin of error was experienced in May which could possibly account for the disparity. In any event, 366,000 persons out of work in the month of May represents a serious economic situation in a country like Canada particularly at that period of the year.

When one adds to this figure the numbers of others who are unemployed but who are not reported in the dominion bureau of statistics standards as being unemployed one realizes that my statement is by no means an exaggeration. The dominion bureau of statistics does not include as unemployed a man who works only half an hour a week; it does not include people who are engaged for less than 30 hours a week; it does not include those who will be called back to work within a limited time. Therefore, applying the lowest estimate to the month of May, the Minister of Finance I am sure will not deny that that represents a serious unemployment situation. It represents a figure more than double what it was in the preceding year and in the corresponding period.

I said earlier that I did not believe the Minister of Finance has taken into account in his calculations the advice given to him by his own officials. I do not say positively that that is the case but from everything that one can see, from pronouncements made by independent bodies, whose job and whose interest it is to make compilations of future trends, one comes to the conclusion that either the Minister of Finance has completely shut himself off from those who advise him or he is taking the great gamble of being overly optimistic in the hope that his gamble might work. That is a dangerous course for any minister of finance to take.

Mr. Fleming (Eglinton): And a dangerous speculation on the part of the hon. member.

Mr. Martin (Essex East): It is not the way to build up confidence in the country.

Mr. Fleming (Eglinton): It is a misleading speculation.

Mr. Martin (Essex East): The way to build up confidence in the country is not to ignore facts but for the Minister of Finance resolutely to face up to them, something he has not done in this budget, is not doing at this very minute.

For the purpose of gaining some idea where we are heading, I have projected, in accordance with what others have written, the national employment service unplaced applicants figure and the figures of the dominion bureau of statistics to the end of March, 1959. I am sure that the hon. gentleman himself has done this and I will be very interested to know whether his calculations and mine agree. In any event, if those figures which I am now going to give are true—

Mr. Fleming (Eglinton): They probably are not.

Mr. Martin (Essex East): My hon. friend says that they probably are not. If these figures are true, then I say to the Minister of Finance we have never had in two decades or more any budgets so unrealistic as that brought in by my classmate, the hon. member for Eglinton.

Mr. Fleming (Eglinton): That is a mighty "if".

Mr. Martin (Essex East): I suggest to the Minister of Finance that for the month of

June the minimum figure of national employment service unplaced applicants will be some 550,000; that the dominion bureau of statistics figure will be around 360,000. In the month of July, the national employment service figure could likely be somewhere in the neighbourhood of 500,000 and the dominion bureau of statistics figure more than 303,000; the August figure of the national employment service could be 460,000 and the dominion bureau of statistics figure somewhere in the neighbourhood of 300,000. That would mean that in the month of August, if these prognostications are accurate, based on the assessment made of the purchase of plant equipment and other indices, we would have in the month of August twice as many men out of work as we had in the corresponding month in 1957.

In September, the national employment service figure could be around 460,000 and the dominion bureau of statistics figure somewhere between 310,000 and 325,000. In the month of October the national employment service figure could be 520,000 and the dominion bureau of statistics figure 425,000. In the month of November the national employment service figure could be 720,000 and some 425,000 for the dominion bureau of statistics. In the month of December—I suggest that my hon. friend might want to read the study issued by the Canadian Congress of Labour regarding this particular figure—1 million-plus for the national employment service and 550,000-plus for the dominion bureau of statistics. In the month of January there could be a possible high of 550,000 for the dominion bureau of statistics.

Mr. Fleming (Eglinton): That was at the time that my hon. friend said there were 800,000 unemployed.

Mr. Martin (Essex East): My hon. friend says he is not concerned about that figure for the month of January.

Mr. Fleming (Eglinton): I am saying my hon. friend said that there were 800,000 unemployed then when there were a quarter of a million fewer than that figure by a true count.

Mr. Martin (Essex East): If my hon. friend thinks this is a small figure, why he and I certainly do not have the same point of view with regard to the responsibilities of the Minister of Finance.

Mr. Fleming (Eglinton): The figure you gave was very much larger than the true figure.

Mr. Bell (Saint John-Albert): You are gloating.

Mr. Martin (Essex East): My hon. friend says "gloating". I expected this comment.

[Mr. Martin (Essex East).]

I say to the hon. gentleman who comes to this house as a new member that whatever may be his concept of a member's responsibilities it is the responsibility of all members on all sides realistically to face the situation which they believe confronts the nation at a time when we are discussing this kind of question.

Mr. Lambert: How do you feel you have a monopoly on that?

Mr. Martin (Essex East): What is the brilliant observation of my hon. friend?

Mr. Lambert: How do you feel you have a monopoly on that?

Mr. Martin (Essex East): My hon. friend knows a lot about monopolies; I do not.

In the month of February, I project as an estimate a dominion bureau of statistics figure of 575,000 and in the month of March, 604,000. I have not given national employment service figures for January, February and March simply because my compilation has not gone that far, and I notice that the Canadian Congress of Labour likewise has not prognosticated that far. But these are projections made by responsible, independent groups in this country, such as by the president of the Canadian Tax Foundation, by the Canadian research economic associates, by the Canadian Manufacturers Association and by the assessments that are made by the Department of Trade and Commerce as to the future of buying within the next eight months of plant equipment and the importations of pipe and the like, all indices that are used to determine the likely increased load in the national employment service, in the kind of assessment that must be made by the dominion bureau of statistics and the unemployment insurance commission.

I hope that events will show that this picture is not in accordance with what will develop. Every hon. member will be happy if these estimates are shown to be wrong eight months from now because there are human beings involved in this, men and women who are out of work, 15,000 of them in my own community of Windsor, as well as in other cities; men and women who have run out of their unemployment insurance benefits, who have run out now by some 3,000 their seasonal benefits and who see in the immediate future no prospect of being able to obtain remunerative employment.

I do not say now that the full responsibility rests on the shoulders of the government, but the full responsibility does rest on the shoulders of the government to make sure that in its budgetary provisions it is making a realistic analysis of the current and the developing situation. What steps has this government taken to do something about

unemployment, both in terms of the present figures and in terms of the figures that I have projected? The Minister of Finance says nothing about public works. We know that this government has projected only $35 million more into the public works program than was undertaken by the previous administration.

Mr. Fleming (Eglinton): How silly can you be?

Mr. Martin (Essex East): Where can you find in the budget any positive reference to the recession? The Minister of Finance was one of those who strongly argued that one way of curtailing unemployment in this country was for the government to do something about it. Le me remind him of his words at page 4208 of *Hansard*, volume 4, 1953-54, when he looked across the aisle and said to Mr. Harris:

> Does this budget offer any relief at all for unemployment?

He continued:

> Mr. Speaker, the situation is serious but it does not seem to worry this government. They have not faced up to it....Already 50,000 of those receiving unemployment insurance have exhausted their benefits. What is the government doing about that? Nothing!

Mr. Fleming (Eglinton): How true that was!

Mr. Martin (Essex East): I say to the minister, what is the government doing—

Mr. Pickersgill: It is now 300,000.

Mr. Martin (Essex East): —about a much more serious problem? I say, to use his own word, nothing! My hon. friend was one of those who always spoke not only during the formal budget debate but also when the resolutions were discussed. He was a most active member. He wanted the government to eliminate the sales tax on the necessities of life. There are pages of *Hansard* with that Victorian rhetoric of the Minister of Finance about such things as the sales tax. Are there any reductions in the sales tax on the necessities of life of any consequence or at all in this budget?

Mr. Pickersgill: Rat poison.

An hon. Member: Cut flowers.

Mr. Martin (Essex East): Some one says "rat poison". What about the excise tax on automobiles? Here is what the Minister of Finance urged as found at page 4373 of *Hansard* for June 2, 1955.

Mr. Fleming (Eglinton): And did something about it last December, too.

Mr. Martin (Essex East): My hon. friend says he did something about it. He reduced the excise tax only by 2½ per cent.

Mr. Fleming (Eglinton): Twenty million dollars.

Mr. Martin (Essex East): Twenty million dollars, yes.

An hon. Member: More than you did.

Mr. Martin (Essex East): My hon. friend is wrong, as I shall show. The minister will still get from that source a revenue of some $60 to $70 million. His leader in 1957, speaking in Kennedy collegiate in Windsor, said that he would eliminate—

Mr. Fleming (Eglinton): No, he did not.

Mr. Martin (Essex East): —or substantially reduce the excise tax.

Mr. Pickersgill: Substantially reduce.

Mr. Fleming (Eglinton): And that is what we did.

Mr. Martin (Essex East): Does my hon. friend suggest that 2½ per cent is a substantial reduction?

Mr. Fleming (Eglinton): I certainly suggest that $20 million was a substantial reduction.

Mr. Martin (Essex East): If my hon. friend says that this budget is directed to relieve unemployment, directed to the recession, why does he not take into account that in the city of Windsor today in the Chrysler plant, the Ford plant and all the auxiliary plants there are 15,000 men out of work wondering what the government is going to do about something which only a few months ago they said they would correct. Why did he not provide for a reduction in or elimination of this tax? It would not have solved the problem of unemployment completely but it certainly would have given encouragement in the face of the stagnation now existing in sales regarding one of the most important sectors in the Canadian economy. Talking about addressing oneself to unemployment, talking about feeling keenly about unemployed men and women as the Prime Minister did all over the country in the last election—

Mr. Pickersgill: No one would suffer.

Mr. Martin (Essex East): —the way to demonstrate that no one will suffer is by the government to come forward with a budget and policies consistent with its declarations made during the course of the last election.

My leader did make reference during the course of the election to methods by which, in the context of the situation that then existed, some encouragement could be given to the depressed state of the Canadian economy. Hon. gentlemen opposite saw fit to ridicule those suggestions, suggestions that would have involved a new orientation of fiscal policy at least on a temporary basis.

An hon. Member: The Canadian people would not accept them.

Mr. Martin (Essex East): My hon. friend says that the Canadian people would not accept them. My hon. friend is right. The Canadian people did give hon. gentlemen opposite a mandate to do something about unemployment but I must say that to date the government has not given any evidence that it is prepared to embark on any policy, whether through orientation of fiscal matters or through public works, in a courageous way, in a nonorthodox way to meet what is undoubtedly a serious emergency, a serious social disaster, to use the words of the Prime Minister uttered in the city of Edmonton.

No consideration has been given by the Minister of Finance to such things as accelerated depreciation allowances, to the kind of income tax reductions that would reach the masses of the people thus enabling them with this additional money to purchase the necessities of life, which might serve as a means of priming the pump. These proposals, which will undoubtedly be dealt with later, were made in the context of the situation as it then existed, not in the context of a budget with a likely deficit in 1958-59 of over a billion dollars.

We had a right to think that there would not be a deficit of such large proportions because did not the Minister of Finance say not later than the end of January that he anticipated a surplus of $80 million? This government was elected with the biggest majority in history and I know hon. gentlemen opposite will like to applaud that.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I congratulate them on that great electoral achievement. But it is over now. The problems facing the Canadian people in terms of the unemployed, in terms of farmers who are dissatisfied with the floor price policies of the government, in terms of our trading relations with United States and Great Britain, demand of the government action consistent with the professions made to the people of Canada and which contributed to the fact that hon. gentlemen sit to Mr. Speaker's right at this time. I ask the Minister of Finance, in the face of his heavy responsibilities, with his great abilities and his great sincerity—

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): —to acknowledge that the picture I have painted today is not an exaggeration.

Mr. Fleming (Eglinton): I think it is a very exaggerated and inaccurate picture, if you want me to say so.

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): Let us hope that the minister is right but if he is not right—

Some hon. Members: Order.

Mr. Martin (Essex East): —he will incur the wrath—

Mr. Speaker: I am sorry to interrupt the hon. member in full stream but his time has expired. The hon. member for St. Hyacinthe-Bagot.

Mr. Ricard: Mr. Speaker, may I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Speaker: I understand that the hon. member for Outremont-St. Jean (Mr. Bourque) has a question of privilege to raise. I will hear him.

PRIVILEGE

MR. BOURQUE—REFERENCE TO STATEMENT IN DEBATE ON JULY 2

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, yesterday in my absence the Minister of Finance (Mr. Fleming) made what I consider to be an unjustified attack on me, one which I believe is prejudicial to my reputation as a businessman and which can be very derogatory to me. He said this, and I will have to say it in French:

(Translation):

I would recall to this house that the financial critic for the opposition was determined that this deficit would be very much larger and things progressed until, on June 27, the hon. member for Sudbury (Mr. Mitchell) raised the figure to $1 billion. Not to be outdone by the hon. member for Sudbury, along came the hon. member for Outremont-St. Jean—

(Text):

Mr. Speaker: Would the hon. member tell me what page he is reading from?

Mr. Bourque: Page 1948, from the French debates of yesterday. I continue:

(Translation):

Not to be outdone by the hon. member for Sudbury, along came the hon. member for Outremont-St. Jean (Mr. Bourque) that same afternoon and he managed to get the figure up to $2,167 million. That is not arithmetic; that is what I believe to be astronomical flights into the realm of fancy, but Canada's credit is not helped by irresponsible statements of that kind. The statement of the hon. member for Outremont-St. Jean is irresponsible to the point of irrationality when he says that we are going to have a deficit in such figures as he mentioned.

I most strongly deny this statement by the Minister of Finance (Mr. Fleming). I never said that the deficit would amount to $2,167 million and I shall now read to you the official account for the afternoon sitting of Friday June 27, 1958:

(Text).

From page 1793 of the French debates of Friday, June 27:

(Translation):

Considering an estimated revenue of $4,660 million, the actual budget deficit is $1,092 million.

There, you have it, Mr. Speaker. I said that the actual budget deficit would be $1,092 million.

I do not want to read it all because I do not wish to take all the time of the house, but I went on to say later:

—which will give, for this year, an actual increase of $2,167 million in our debt.

And further on, I repeated:

—the Minister of Finance will have increased our debt by $2,167 million in a single year.

Now then, having mentioned only one figure, the minister meant to imply yesterday that I had said that the deficit would amount to $2,167 million. Of course, this was to justify the inconsistent budget which he presented.

There is no excuse for the Minister of Finance misrepresenting figures, and I cannot tolerate such tactics.

(Text):

Mr. Speaker: I take it that the hon. member has now made the correction which he felt it was necessary to make. I rather think he was not speaking upon a question of privilege, but as I was not able to follow him fully, I take it that the matter is satisfactorily disposed of.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker this afternoon, just before the dinner recess, we were treated to a flow of eloquence forcefully delivered in the best traditions of a histrionic display: the dark clothes, the flashing eyes, the sombre voice. All that was needed was the black cap and we would have had the judge pronouncing sentence of death on the Canadian economy. It was a type of delivery which was somewhat wasted in the House of Commons and which might better have been employed in the theatre at Stratford where I am sure the hon. gentleman could obtain employment to a very high degree. I am not sure just what histrionic display is going to follow it but I know that it will not be given in any such funereal language. However, I am sure that another will paint as sombre and lugubrious a scene. Perhaps for a few moments, Mr. Speaker, moving between these pictures of gloom and doom, we may come back to the facts of the budget and deal with these for a short time.

Much has been said in this debate of a critical nature. The Minister of Finance (Mr. Fleming) has been criticized. We have sat here for eight days listening to the debate, the contents of which the house well knows. This is not one of those sensational earth-shaking budgets, that provokes great headlines in the press but it is a budget, as the Minister of Finance said at the outset when he delivered his speech, that has produced many matters of benefit to many Canadians. I am not dealing now with the general economic policy but with the specific matters in the budget to which I think attention should be called for a moment in passing.

One of these comes under the department which I happen to administer, namely that of national revenue and has an impact with respect to income tax. From the time I came into the office which I now hold I was impressed by the number of letters—not running into the thousands, but perhaps 500 or 1,000; something of that nature—which were sent to the minister complaining of the application of the act in so far as income tax reductions were concerned in connection with drugs. You all know the situation there. There is in the Income Tax Act a provision that when medical expenses exceed 3 per cent of the income, these deductions can be made for income tax purposes. Under the preceding administration, as the act was administered heretofore, those drugs had to be enumerated and specified by the Department of National Health and Welfare. Then when that was done a deduction could be made for those purchases. As I said, many of the letters received from the ordinary citizens of this country, from parents with children who were desperately ill; from people who had relatives who needed the most expensive drugs in order to recover, and where recovery was perhaps not always certain, they were pathetic letters—I think that is the only word that can be used to describe them—in which they suggested that some change should be made whereby they could obtain deductions for these drugs which are prescribed today by doctors and which were outside the very limited number which had been prescribed by the Department of National Health and Welfare. Even under the more efficient administration of my colleague, the present Minister of National Health and Welfare (Mr. Monteith), we did not find that we could give the deductions that I felt were necessary.

In consultation with the Minister of Finance and the Minister of National Health and

Welfare it was decided, as you know, to include in the budget a provision whereby drugs bought on doctor's prescription could hereafter qualify for a deduction in this regard. We trust the medical profession. We know that provision will not be abused. This, Mr. Speaker, is a simple illustration of what has been done in this budget. Simple, common sense, matter of fact changes are made here and there which affect the lives of thousands of Canadians across this country and which reflect tremendous credit on the Minister of Finance who prepared that budget and who brought it into the House of Commons.

I can think of another provision under the Income Tax Act which does not affect thousands, but does probably affect tens of thousands of Canadians. The one I have in mind I have myself encountered many times. I am sure all lawyers who have had the good fortune to practise in rural communities will also have faced it. I have in mind the family where the parents are getting old and they want to have their son remain on the farm and they convey the farm over to him as an inducement to him to remain there, not thinking of the application of the Income Tax Act and not thinking of the provisions with respect to the gift tax. Having done so, they then find one, two, three or sometimes even five years later, after the father has died and it has become impossible to change the situation, that a gift tax has been imposed sometimes running into thousands of dollars.

Then there is the case of the husband and wife who are perhaps retiring, perhaps establishing a home somewhere else and knowing that there will sooner or later be a death but who want to maintain a home so as to avoid the payment of gift tax, succession duty and so on and so forth. The husband has earned the money and has paid for the house but, if it were under a joint ownership arrangement, all sorts of problems arise with respect to taxes.

Under the budget which has been brought down we have a provision whereby the farmer or the father—not necessarily a farmer, of course—can convey property to his son or to his daughter and avoid payment of the gift tax. Similarly, a husband can convey his property to be held under a joint ownership by himself and his wife and can also avoid the tax and all the incidental obligations which arise upon the death of one or other of the parties. Here, again, is a very simple illustration of what I mean when I say that this budget, although it has not made the headlines with respect to these matters I have mentioned, has affected the lives of many thousands of people in this country and has very favourably affected those lives.

Take next the matter of the sales tax. We have been asked what we have done for the municipalities—have we forgotten the municipalities, and someone over on the other side of the house will say, "Hear, hear". When we were on the other side of the house we urged the government for years and years to do something about the relaxation of sales taxes on purchases made by municipalities and when we made such suggestions we were treated with scornful contempt. It was impossible to consider such a thing. This budget has made provision in this respect. There is wide provision for sales tax exemption on purchases made by municipalities, particularly in those fields which are important to municipalities in these times; for instance, with respect to the problems of pollution, sewage disposal and all those matters which are today bearing so heavily upon the municipalities. There is a provision in this budget whereby they will save millions of dollars, even on the present scale of purchases, and as the years go by there will be more and more savings.

With respect to institutions, whereas formerly there was a narrow list certified by the Minister of National Health and Welfare, the provisions for institutions are now immeasurably widened so far as sales tax exemptions are concerned.

There is a simple little problem which has created so much hardship and difficulty which has also been provided for, and that is with respect to school authorities across this country, from Vancouver to Halifax. Protests have rolled in—I have seen scores of them in the short time during which I have been in office—complaining of the effect of taxes on school purchases for furniture and the fact that exemptions apply only to that furniture specifically designed for schools. Scores of school boards have had to pay sales tax on items which they very properly thought would have been free of such tax. This condition has now been rectified and I know the provisions of this budget will mean tremendous savings to school boards throughout the country.

I could go on and on to list examples of measures which will ensure tremendous savings to the people concerned and which are of great importance to them, but there is one, perhaps very minor item, which I would like to mention which has certainly been a source of great irritation to the public in the past. There was an imposition of a fee of $2 imposed upon businessmen for a licence to collect the sales tax from themselves for the government. While this $2

fee was not a very important factor, perhaps, I do not know of anything which has created more irritation among businessmen. A simple little change has been made and this fee has been done away with.

I have not exhausted the list of benefits under this budget by a long shot but I would now like to turn to some of the many criticisms we have heard. Firstly, we have heard that this is a high tariff budget; we have had a somber picture painted for us of high tariff walls being erected, shades of Bennett being invoked and references to Tory policies in the past. We are told that this country is now facing high tariffs as a result of the budget which has been brought down.

One such reference will be found at page 1538 of *Hansard* for June 23, 1958, where the hon. member for Bonavista-Twillingate spoke of the tariff provisions as follows:

—I do not know that I should call it a Bennett provision because Mr. Meighen tried it before him and it was repealed once before by the Liberals before Bennett—is, of course, of all the protective devices the most insidious and the most dangerous.

We are all of course familiar with the imagination of the hon. member for Bonavista-Twillingate in portraying the pictures in his mind. Sometimes when I hear him speaking I am reminded of that house that Jack built, the house which had a little malt in it, a little rye in it, a little straw in it and all the rest of it, and finally it fell down. That was the house that Jack built, and that is the way it is with the house of high tariffs, which this Jack has built, because there is absolutely nothing in the budget which in any way reflects high tariffs.

There are five classes of changes in the budget, five minor classes, with respect to tariff changes and four of these were recommended by the tariff board. The minister is accused of being a high tariff Tory; this government is being accused of raising the tariffs as high as Hamono's gallows.

What would have been the accusation, what would have been the criticism if we had failed to accept the recommendations of the tariff board. We would have been criticized and attacked for not recognizing the impartial judgment of that great tribunal. The minister has now done this and we are criticized for these so-called high tariffs. I do not think anyone seriously objects to the revision with respect to steel products. The iron and steel amendments are long overdue as the last revision was issued 28 years ago, while today there has been a tremendous expansion in the development of all primary and secondary steel industries in Canada. The great majority of the amendments, however, are merely for purposes of simplification; some are for reduction and there are very, very few limited increases.

It is the same situation with respect to the pipe and tube schedule; it is almost entirely a matter of adjustment and simplification. It is also the same with respect to woollens. We have heard a great deal about the increase in the tariff on woollens; this increase was also recommended by the tariff board and we were confronted with that recommendation.

Mr. Pickersgill: You asked for it.

Mr. Nowlan: We asked for it. The matter had been referred to the tariff board. Sure, we got their recommendation but what is the tariff board for? Did the hon. gentleman opposite raise tariffs without the recommendation of the tariff board? Did they ignore such recommendations? Of course they did not.

An hon. Member: We reduced them.

Mr. Nowlan: Yes, and we have reduced them too. We have reduced far more in this budget than we have increased, make no mistake about that. The increase on woollens, on a yardage basis, means only a few cents on the amount of cloth going into a suit of clothes.

Mr. Pickersgill: Why do it at all, then?

Mr. Nowlan: Because we had a recommendation from the tariff board and we followed that recommendation. That is why we did it. There is certainly ample justification for the increase, as the tariff board has established, and I wonder if hon. members on the other side of the house are questioning that. If they are I would like to hear about it. So much for tariff increases, the ones specifically named in the budget.

There has also been much talk about the practice of the department with respect to evaluation. It is true that we have increased the evaluation staff of the department. Prior to the war the previous government had 45 or 50 evaluators, highly trained appraisers in most of the ports of the world, making examination of goods coming into Canada. The war came and most of these men, practically all of them, were brought back to Ottawa. Because of their skill and experience they were given senior jobs here, and the net result was that after the war there was practically no one left at all who had had any training in the appraisals branch except the senior executive officials in headquarters in Ottawa. In those days the market was such that everybody was buying, regardless, and it was not necessary to fill up these staffs.

Today the situation is different and we have got 45 or 50 appraisers, university men, largely, who are being trained so that they may strengthen the staff and carry out the appraisals which are necessary if Canadian industry is going to be protected from superficially low values.

An ad valorem tariff can be easily nullified if the values are reduced to such an extent that they have no basis in actuality. After all, the term "fair market value" must surely have some meaning, and it must be remembered that it has been determined time and time again that the market value has really had no reference whatsoever to fair market value and that anyone by making a few sales in the country of origin could then send the goods here, avoiding dumping duty. And when such goods are sold superficially below cost they threaten not only Canadian industry but, what is more important, the employees of Canadian industry.

We heard a prophecy this afternoon of dire doom with respect to unempolyment and the great extent to which it was going to increase in this country. I sat the other morning in the railway committee room and listened to Mr. Burt and the other spokesmen from the delegation that came from Windsor and Hamilton representing the unemployed and demanding government action. What was the principal thing which they demanded? They demanded that we take tariff action to keep out importations from, in particular, the United States. They said, and I am not passing judgment on the correctness of their statement, that the importation of automobiles, the importation of automobile parts, the importation of machinery, all these things had increased substantially, and contributed to unemployment in Canada. They urged us to take action so that these goods could be manufactured in Canada and provide employment for Canadian workmen rather than that they be made in some other country.

I wonder whether the hon. member for Essex East (Mr. Martin) who was so eloquent this afternoon on the subject of unemployment will give the government his support when the motion comes before the House of Commons to provide for a different basis of fixing valuations. I presume we can count on his full support and on the support, also, of the party to your left, Mr. Speaker, whose spokesmen were so eloquent on this subject in the House of Commons the other day.

And now, with regard to this so-called high tariff policy. There is no high tariff policy in so far as actual tariff changes are concerned. None whatever. And the change as far as increasing the staff is concerned is something going back to the practice which was carried on by hon. members opposite prior to the war, and they profess to be a low tariff party, not a high tariff party. And the changes in valuation which were suggested by the Minister of Finance, and which I hope to have the honour to introduce in this house before very long, is one change and one change only; not an invidious change or something which would alter the whole economic structure of this country, but one which will help to deal with the unemployment situation, because goods are being brought into this country at fictitious values, often below the cost of production. We intend to do something about this and ensure that we at least give some protection to Canadians in this country.

What else do the critics say about this budget? They say it is a deficit budget. Sure it is a deficit budget. We have a deficit. The hon. member for Essex East this afternoon took off the judge's robes for a moment and assumed the mantle of a prophet and predicted that the budget deficit this year would be way over what the Minister of Finance had suggested, and called in aid several organizations to support his contention.

Mr. Fleming (Eglinton): But they do not support it.

Mr. Nowlan: There is no question we are going to have a substantial deficit, a deficit which the Prime Minister (Mr. Diefenbaker) had envisaged, and a deficit for which this government is prepared to take the responsibility, because we prefer to have deficits rather than mounting unemployment and hardship. As long as we are in power—and we will be in power for a long while—

Some hon. Members: Oh.

Mr. Nowlan: That observation has apparently provoked some question on the other side. Let me give this word of advice to hon. members opposite. They have talked a lot about two faces, and they have talked about our having one mask at one moment and another at the next. They have accused the people of Canada of being fooled. Well, the people of Canada were not fooled by our one face or by our two faces; they were just sick and tired of your faces, that is all. They were sick and tired of complacency, conceit and arrogance; they just got bored to tears with you and they turned you out. As for Mr. Mackenzie King, your revered leader, listen to what he said: "The Liberal party has to go through the valley of humiliation." As long as members of that party keep talking about two faces and blaming the people of Canada for being fooled, the people of Canada will continue to be fed up with them and they will sit there until your great grandchildren have grown beards.

Mr. Speaker, I know that my time is running out much more rapidly than I realized, and I have to pass on to other matters. There are many other things which have been said about this budget, and again I refer to our friend with the Puckish sense of humour, and the house that Jack built. That wonderful travelogue the hon. member for Bonavista-Twillingate (Mr. Pickersgill) gave us a couple of days ago should have been featured in the Canadian geographical magazine. I just made a rough check of what it would cost us if we constructed all the projects in his constituency which he recommended in that speech and I worked out that it would come to over $1,730,000. I do not know whether the hon. member for Bonavista-Twillingate is carrying the Liberal party or whether the Liberal party is carrying the hon. member for Bonavista-Twillingate, but I may say there is not going to be much money for the other people on his side if he ever came back into power.

Where would the deficit be if the program was carried out that was advocated by the Leader of the Opposition (Mr. Pearson) before the election? I would like to know that, Mr. Speaker. We were told we had $400,000 in tax deductions, and so on and so forth, added on to the others.

In dealing with deficits I would like to call the attention of my hon. friends opposite to a financial guide in whom they took great pride, and properly so—Mr. Abbott. The following are remarks made by Mr. Abbott on the occasion of his bringing down his budget on May 18, 1948 at which time he was minister of finance, as recorded at page 4063 of *Hansard*:

> I believe that all parties in this parliament and most Canadians share the view that the national budget is no longer merely a matter of the government accounts that should be balanced every 12 months on some financial rule of the thumb. We view the national budget now as an integral part of the nation's business, influenced by and having an influence upon the state of employment, income and prices.

Mr. Pickersgill: And what did you say about that at that time?

Mr. Nowlan: I have here additional quotations from the remarks made by Mr. Abbott which I could cite if time permitted.

Mr. Pickersgill: This is a latter day conversion.

Mr. Nowlan: I have dealt with the situation in so far as deficit financing is concerned. We have heard talks about the government being anti-British with respect to what it has done with regard to woollens. Hon. gentlemen opposite give us no credit for having arranged a trade mission or a commonwealth conference. If time permitted I could go on at length in dealing with this matter but there is one matter to which I should like to draw the attention of the house before my time runs out and that is that after all what we are concerned with here is a review of the facts; not dire prophecies, but facts. We are told that the Canadian economy is in a terrible condition, that the government has failed and that the Minister of Finance has made a mess of things.

An hon. Member: He has.

Mr. Nowlan: You may think so, my friend. We also know, and every hon. member will admit it I am sure, that the economy of this country is difficult to administer. Canada is a vast country covering an enormous area stretching from the Atlantic to the Pacific and embracing areas stretching from the temperate zone to the Arctic zone. It is not as easy a country to administer as is that to the south which is, as it were, a self-contained empire embracing a tropical and temperate climate. One would assume that the situation in the United States would be much better than the situation that obtains here particularly in view of all the mismanagement in Canada about which we have heard and also because of the fact that hon. gentlemen opposite tie our economy to the coat tails of the United States economy so it is hard to divorce ourselves from it even if we wanted to. We know what the facts have been down through the years. When the United States economy went up, the Canadian economy also went up, but not quite so high because we ride on its coat tails and when the United States economy went down our economy went down further and faster. That has been our history and I do not think any one can question it.

It would be interesting at this point to glance briefly at a comparison of indices between the two countries. I hasten to admit at the outset, as was pointed out this afternoon by the hon. member for Essex East, that motor vehicle production in Canada has fallen considerably below that in the United States as is also the case with regard to pulp production which is a large industry in this country. In that case, too, we have fallen below the United States. But let us examine some of the other indices that are available. Are we really sustaining hard times, a depression? That was the sort of claim that was made in this chamber this afternoon. A thick curtain of gloom was drawn over our proceedings today by hon. gentlemen opposite but now is the time to examine the facts. Let us first examine business failures. What about business failures? Surely there must be a vast number in Canada as compared with the United States. The index reveals that in

Canada we have 42.4 per cent less business failures than we had this time last year. I repeat again, 42.4 per cent less. The United States had 23.9 per cent more business failures than this time last year.

What about freight car loadings? It is not as happy a picture as we would like to see, it is true, because we are down 4.9 per cent from last year, but the United States is down 26.0 per cent.

Mr. Bourque: What about bankruptcies?

Mr. Nowlan: I have already dealt with business failures which covers bankruptcies.

Mr. Pallett: He does not know the difference.

Mr. Nowlan: I hear the laughter that bespeaks the vacant mind. What about construction contracts? We have been told that the government has undertaken no construction and that the public works program has failed. The constructon program in Canada, according to the index is up 26.8 per cent whereas in the United States it is down 11.6 per cent.

An hon. Member: How you can juggle figures!

Mr. Fleming (Eglinton): You do not like these figures, do you?

Mr. Nowlan: I appreciate that this is painful for you but you have to listen to it. Let us consider housing starts. Housing starts are up 51.5 per cent in Canada and down 9.2 per cent in the United States. What about the percentage of the labour force unemployed? It is serious, of course, and no one seeks to minimize it for one moment. The unemployed figure in Canada is up 68.6 per cent and in the United States it is up 80.6 per cent.

Some hon. Members: Oh, oh.

Mr. Nowlan: I hear the groans over there and I do not wonder at them. After all, we have been told that this is the government that brings in faulty tariff policies that will ruin Canada's exports. But what is the export picture? Canada's exports are up 1.3 per cent while the United States exports are down 27.6 per cent. Our industrial production is down 5.3 per cent which is a bad situation but industrial production in the United States is down 12.4 per cent. Again I could go on at length dealing with the figures in these indices. Of the 14 indices I have before me, Canada has lost more ground than the United States in respect to two, motor vehicle production and pulp production, but in every other case the Canadian economy is ahead of the United States economy. These are all based on dominion bureau of statistics figures so hon. gentlemen opposite will not quarrel with their authenticity.

The significant thing about these figures is that they appeared in the *Financial Post* of June 14, 1958, on almost the same date as the budget was brought down. Have we heard any hon. gentlemen opposite quote these figures during the course of this debate? We have listened to them spreading doom and gloom but we have not heard any facts because the facts do not coincide with the prophecies of disaster. What would have happened if these figures had gone the other way? Can you not imagine hon. gentlemen opposite this afternoon not forced to prophecy, not forced to declaim and not forced to sound doom but just reading facts and saying, "What a record!" Imagine their howling about the terrible record of failure if the figures were reversed.

Those, Mr. Speaker, are some of the factors with respect to economic conditions in this country at the moment. I could go on at length but I do not want to take more time in dealing with this matter. I am convinced I have produced enough facts to indicate the truth of this matter. This government does not profess perfection. We differ from hon. gentlemen opposite in that respect. They admitted they were perfect; they boasted about it. We admit that we are not perfect.

An hon. Member: Perfect fools!

Mr. Nowlan: We have made mistakes and we probably will make more.

Mr. Pickersgill: That is for sure.

Mr. Nowlan: But we are going to make them in doing something for the people of this country and not in sitting complacently and idly by, smug in a false sense of our own security and perfection as did our predecessors in office.

My hon. friends opposite this afternoon talked and prophesied about unemployment in this country. Unemployment is a serious matter. No one—not even the hon. member for Essex East, and certainly not I or anybody else—knows what the unemployment figures will be next winter. As a good Canadian I know that the hon. member for Essex East hopes the unemployment figures will be reduced but I suspect as one who has somewhat of an interest in politics he has more than an academic interest in scanning the employment figures and seeing if they do not rise.

Mr. Martin (Essex East): What does the economic survey show?

Mr. Nowlan: Regardless of what the economic survey may show—

Mr. Martin (Essex East): But that is the whole point.

Mr. Nowlan: —if this government were not in power today the unemployment figures in Canada would be infinitely higher than they are now.

Some hon. Members: Oh, oh.

Mr. Nowlan: I know this is hard to take and I do not blame hon. gentlemen. Instead of donning the robes of mourning and gloom, I suggest that they attire themselves in sackcloth and ashes which may ensure their return to office quicker than otherwise.

In any event, Mr. Speaker, I presume the Leader of the Opposition will follow me in this debate which will conclude in an hour's time with the division that will take place. This is the eighth day of this debate. The rambling prophesying which has been done has no relevancy whatsoever to the facts of the situation of Canada's economy today. Not one fact has been adduced by hon. members of the opposition which reflects upon this government or upon the administration of the financial affairs of this country by the Minister of Finance.

I simply condensed the record for a few minutes. As a matter of fact, Mr. Speaker, I thought my time was up 5 minutes ago. Instead of that I have a few minutes more to give more facts. I could give them but all the facts and all the records show that this government has given good administration to this country.

Some hon. Members: Oh, oh!

Mr. Nowlan: The poor fellows will never learn, Mr. Speaker; they are still conceited; they are still arrogant. The Minister of Finance has taken criticism as a good sport, as it is his duty to take it, and it is the duty of the opposition to give it. He has listened to it and he has taken it. Some of it may have been reasonable—some of it was—but some of it was unfair and unjust. But in any event the Minister of Finance has the satisfaction of knowing that he, in company with his colleagues of the government, has given administration to this country during most difficult times which reflects great credit on him and which has strengthened the economy of Canada to a very marked degree.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in rising to take part in this debate as it reaches its closing stages, I must begin by congratulating my hon. friend who has just sat down on his interesting contribution, during which there were times when I felt he was about to substitute the cap and bell for the black hat which he put on the hon. member for Essex East (Mr. Martin); but there were other times when he did get down to facts and he did produce his sheaf of statistics to show that in some respects the economy of this country is not as badly off as some people may think. In so far as there are indications of strength in the economy of this country we all rejoice. But it is our duty—and he will, I know, accept this as a statement of the duty of the opposition—to point out as vigorously as we can the problems that we face and to criticize the government when we feel they are not dealing with those problems in the way in which they should be dealt with. We propose to discharge that duty.

But before making my contribution to that discharge I would like to join others, in paying my tribute to the Minister of Finance on the presentation, the very effective presentation, of his first budget to this parliament. I do so with all the greater pleasure because, as we have so often reminded ourselves in this house, he and I over the years, I was once his teacher; but I hasten to add—

Mr. Churchill: He survived it.

Mr. Pearson: —he did not get his mathematics, his economics, his logic or his philosophy from me.

Mr. Fleming (Eglinton): Hear, hear!

Mr. Pearson: Especially his mathematics and his economics.

Mrs. Fairclough: Were you qualified to teach him?

Mr. Pearson: Quite frankly, Mr. Speaker, I give the minister on this occasion that kind of admiration that might be felt for a ship's doctor who performs a delicate operation while the ship is pitching and rolling its way through a howling gale. It is a difficult operation that he is being called on to do.

Mr. Pallett: One that was left to us.

Mr. Pearson: And it is quite an economic gale that is now blowing around the government. The difference between the respective positions of the ship's doctor and the Minister of Finance is that the gale which the ship's doctor would have to contend with would be an act of God, whereas the Minister of Finance is performing his operation in circumstances largely of the contriving of his own government. It is quite clear that the captain has steered the ship into the gale and he is now asking a new surgeon to perform this operation. Well, has the operation been a success?

Some hon. Members: No.

Mr. Pearson: I can say this. The patient, which is Canada, will not die and we all know, regardless of where we sit, that the

patient is a tough, resilient person and is going to survive this recession and is going to survive this operation. There is no doubt about that.

An hon. Member: What about the years of Liberal rule?

Mr. Pearson: I will come back to that in a minute and I will be glad to talk about the last 10 years of Liberal rule and what it meant to this country. I will be delighted to do that, Mr. Speaker, and compare those 10 years with what is happening in this country today.

This budget debate, now in its eighth day and night, is notable for some contributions and also for some omissions. It has been normally the case over the recent years, for instance, that in a budget debate the Minister of Trade and Commerce (Mr. Churchill) would give us a statement of the economy, the export trade, the commerce of the country. That has been the custom. We have not had it until tonight, indeed, in the interesting contribution which has been made by the Minister of National Revenue (Mr. Nowlan). We had no member of the cabinet participating in this debate except my hon. friend—and it is a good exception—the Minister without Portfolio, the hon, member for Greenwood (Mr. Macdonnell). We had no contribution from the Minister of Labour (Mr. Starr), over whom looms many of the problems we are discussing in this budget. We have had no contribution from the Minister of Trade and Commerce.

There is another omission, namely the question of dominion-provincial relations. Last night the Minister of Finance said, well, I did not discuss this in my budget speech; I discussed this a few weeks ago in a special motion that was before the house and surely the house would not wish me to repeat what I said on that occasion. It is quite true, Mr. Speaker, the house would not wish him to repeat what he said on that occasion because repetition of nothing by nothing does not add very much to our knowledge. We had hoped that perhaps the Minister of Finance on this occasion, the budget occasion, would have said something about this problem. However, he contented himself last night with criticizing us because in our speeches on this side we spent so much time in fighting the last election and that we had not accepted the verdict of the people. That was mentioned again by the Minister of National Revenue tonight. Because we had not accepted the verdict of the people we did not have enough common sense to sit down and say nothing. We must not speak or criticize because of the last election; we must not fight the last election over again in this house. If there is anybody in this house, Mr. Speaker, who fights the last election over again it is the members of the party of the government, perhaps because they get more pleasure out of the fight than we would likely get. Anyway, the last thing in the world that the Minister of Finance should reproach us for is discussing the last election. Nor has he any right to draw from that the conclusion that we have no right to criticize the government.

Indeed the Minister of Finance last night began to fight the next election, in that connection he made one statement which on reflection I hope he will withdraw. He said there was no member—and he mentioned especially on this side, the member for Villeneuve (Mr. Dumas)—who had not the decency—that was not the word he used—who had shown any appreciation of what the government had done in this budget through the Emergency Gold Mining Assistance Act, and he mentioned the hon. member for Villeneuve. Perhaps he thought in doing that he would help his party in the next election. If he had looked at *Hansard*—he should have looked at it before he made this reference—he would have found the hon. member for Villeneuve spoke in the budget debate at page 1617 of *Hansard,* where he had this to say:

> I was very happy to hear the Minister of Finance's statement with regard to the Emergency Gold Mining Assistance Act. This 25 per cent increase is certainly welcome, and the retroactive effect which the government intends giving to that legislation will compensate, to a certain extent, the considerable losses which the industry has suffered because of the premium on the Canadian dollar.

Mr. Fleming (Eglinton): That is not all he said.

Mr. Pearson: The minister might have been generous enough to admit he had made a mistake in this regard in saying what he said last night.

Mr. Fleming (Eglinton): That is not what I said at all.

Mr. Pearson: Well, Mr. Speaker, we will let that pass. This budget speech of the minister is a fascinating thing to study in the light of perhaps what I may be permitted to call certain Fleming fixations in the years before 1958. The first and most important fixation in those years—I wish the minister would read some of his old speeches—was that the budget must be balanced. There must be neither deficits in difficult times through tax cuts to stimulate the economy nor must there be surpluses in boom times as a hedge against inflation and for debt reduction. Down, he so often said—and his words at that time were often very vigorous

—with cyclical budgeting as an instrument of the devil and Douglas Abbott, the Douglas Abbott who was quoted with so much approval by the Minister of National Revenue a few moments ago. Budgets must be balanced.

Well, Mr. Speaker, what have we now? The old Conservative orthodoxy has been thrown to the winds and the minister is now in direct and startling contradition with his former statements. He is forced and is trying to defend now what he used to condemn as heresy, the Liberal theory of budgetary policy which was stated a few moments ago by the Minister of National Revenue. In other words, he is favouring now deficit financing and we are glad indeed to welcome him into that fold. But to be logical and responsible the minister must also admit now that surpluses, debt reduction and credit restrictions may also be desirable in circumstances when expansion seems to be leading to inflation.

Mr. Fleming (Eglinton): I suggested planned debt reduction, not unplanned.

Mr. Pearson: Oh, I have read the minister's speeches. I have them all here on my desk but I do not want to bore the house by going over all of them. I will only quote a very few.

Mr. Fulton: They will be the best part of your speech.

Mr. Pearson: The second fixation is that tax reductions can be made without deficit financing. We remember those days too in opposition when the Prime Minister (Mr. Diefenbaker), the minister and those of their colleagues who are here now said that $500 million could be cut without a deficit or without decreasing any necessary services. How? It could be done easily—Mr. Drew used to wax eloquent on this—by eliminating waste and extravagance. They said that $500 million in tax reductions should come out of such savings and reduced expenditure. Why, the hon. member for Greenwood, Minister without Portfolio, had this to say in the house on April 5, 1955, as found at page 2765 of *Hansard*:

> —tax reductions . . . should not come out of deficits; they should not have to be borrowed . . . We should get tax reductions from savings of expenditures—

Two years later, on March 19, 1957, he had this to say as found at page 2464 of *Hansard*:

> Everyone who is not a moron knows that it—
>
> Government spending.
>
> —could be cut down.

Well, Mr. Speaker, what has happened to that doctrine? Look at the estimates. They are the highest in our history. What about waste and extravagance? It was said that savings could be made to bring these figures down even in a time of emergency and recession and how is this unprecedented increase in our estimates regarded? As something to be deplored? Not at all. Here are the minister's own words in his speech a couple of weeks ago. As found on page 1232 of *Hansard* he had this to say:

> Government expenditures contributed to the maintenance of economic activity. At all three levels of government they rose by almost seven per cent despite some decline in defence expenditures.

Again, on page 1235 he said that now that business is slowing down "we shall be able to devote more of our energies to filling some of the gaps which have developed... in housing, in municipal services and in other requirements for social capital in Canada, and in laying the basic foundations for the new period of business expansion which will not be long delayed." I suggest, Mr. Speaker, that if the government is not careful and wise in its fiscal policies the government is more likely to be laying the basic foundation of new and strong inflationary pressures by relying as a cure for recession more on an unplanned and hit and miss policy of public works and what it calls creating additional social capital and less on tax cuts. So far as public works are concerned—

Mr. Green: Go easy on them.

Mr. Pearson: —the minister now admits that they have only—he said this in his speech the other night—a slow impact on employment.

Mr. Fleming (Eglinton): That is not the statement. Give the full statement. That is not fair.

Mr. Pearson: If I am misquoting the minister I will be glad to apologize but I have this in quotes from *Hansard*. Perhaps if I am wrong he will look it up and correct me.

Mr. Fleming (Eglinton): You have taken a portion out of context.

Mr. Pearson: In any event, the vision of 100,000 men springing to work on a billion dollars worth of public projects has now become an acknowledged mirage.

Mr. Green: What about housing?

Mr. Pearson: It was the greatest electoral hoax in history.

Mr. Green: What about housing?

Mr. Pearson: The minister has also boasted of the superb timing in the government's threefold approach to the twin problems of recession and inflation. He said the other night that this policy had just the right balance, and I think I am quoting him accurately when I say that he said "it is the

best mix of the various means" applied in a timely fashion. Well, Mr. Speaker, it is a mix all right. It is a mix concocted in the last 12 months of a variety of political ingredients applied as and when political considerations seemed to dictate, applied bit by bit, dissipating and minimizing the effect on employment which a budget with a planned, co-ordinated, comprehensive system of tax reduction brought in last autumn would have had. Only now, in June and July of this year, does the government, rationalizing after the event, discover an economic purpose for steps which it took for political reasons. Only now is it trying to make an economic virtue out of political necessity.

If we look at the true size of the deficit we will all agree that the minister is certainly practising his new cyclical religion with the zeal of a convert, if not with the wisdom of the experienced worshipper. But surely he must know, if he is a student of these matters at all, and I assume he gets good advice on them, that during periods of declining economic activity in the private sector of the economy, maintaining the stability of employment and income requires more than a huge budgetary deficit. Anti-cyclical policy would be too easy to apply if it could be reduced to that simple formula. The timing of the deficit, the method by which it is brought about and its size in relation to the national product are of very great importance indeed if a reasonable degree of economic stability is to be achieved or is to be maintained.

Above all, government fiscal policy must be based on a realistic assessment of economic conditions themselves. Now, Mr. Speaker, I am sure that even the minister will readily admit that his deficit was not planned and timed on any such rational assessment of current economic conditions. It is not leading to any new policy designed and adequate to cope with the present situation. It is merely, as I have said, as a result of the implementation of some electoral promises made when economic conditions were much different from what they are today.

Indeed, as we have said on this side time and time again, this huge deficit was implicitly contained in the Conservative program presented during the election of a year ago in June. Moreover, Mr. Speaker, while this 1957 Conservative program was being implemented in part during the last session,—and I emphasize the words "in part"—no indication of any planned or comprehensive action to deal with the recession was given by the government at this time. Indeed, the measures then introduced could not have been initiated by the government to deal with increasing unemployment, because almost until the very end of the last session the ministers denied—and they denied it repeatedly in this house—that a serious economic situation was developing. As a result we now have a built-in deficit created on the spur of the political moment. The attempt made by the minister to give us a post mortem rationalization of the sporadic action taken by the government will not change the facts.

Therefore it is not the deficit as such that we are criticizing, because deficits are required in the kind of situation we have in this country at the present time. Even though this deficit represents a complete reversal of financial and economic policy on the part of those who are bringing it in, it is not that which we are criticizing so much as the method or rather the lack of method used by the government in bringing it about. Furthermore, most of the additional items responsible for this deficit—except, of course, the drop in tax yields—constitute long term commitments which the government will find almost impossible to reduce if the economic climate were to change in the next few years, as we all hope it will not change. I recognize of course, as my party did at the time, that most of these items—tax cuts, increased social security benefits and the others—might well have been desirable in themselves for social or humanitarian reasons. But there was no possibility whatever at that time of considering them also in the framework of the economic outlook and of their long term inflationary implications.

The government systematically refused last autumn to present to the house a realistic assessment of the economic position or to give us a proper national accounting. Surely all must now realize that as a result of the unrelated actions, or perhaps I had better say as a result of the action related only to the political situation taken at that time by the government, new and important financial rigidities have been introduced into our economic structure which, in the minister's own words, have planted an inflationary time bomb which might later go off with a dangerously explosive effect. That is a very graphic way of putting it.

Believe me, Mr. Speaker, all this is very different indeed from the planned and co-ordinated tax cuts applied in a manner and in a place where they could give the maximum impetus to the economy and to employment. That is what we proposed in the last election campaign as something which should have been done by this government last autumn. We stand by those proposals today. We certainly do not apologize for them in any way, shape or form. They were proposals which

at that time were considered to be economically sound by some of the best economic thinkers in this country.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Not by the people.

Mr. Pearson: They were proposals put forward in the midst of a grave unemployment situation and, as I have just said, without any benefit of a national accounting by the government or without complete and full information either of the economic situation or of the government's policy with regard to it which we should have had in the House of Commons last autumn. As a comprehensive and co-ordinated emergency unemployment program they made sense. In the eyes of the economic and financial experts in this country they made far more sense than did the sporadic and unrelated approach made by the government to this problem at this time.

Mr. Fleming (Eglinton): But not to the people.

Mr. Pearson: It was certainly not our fault that they could not put them forward last autumn or early this spring within the framework of a budget and a national accounting. That national accounting should have been given in view of the promises made during the election campaign a year ago and in view of the attacks made on the monetary and fiscal policies of the previous government. It had been definitely promised by the minister himself. If that had been done, and it was not done—

Mr. Fleming (Eglinton): It was not promised.

Mr. Pearson: The promise has been put on the record in this house at least half a dozen times. If words mean anything at all—and perhaps they do not mean very much to my hon. friend—those words mean that he did promise to introduce a budget into the house at the last session.

Mr. Fleming (Eglinton): I deny that.

Some hon. Members: Oh, oh.

Mr. Pearson: The record will have to speak for itself, Mr. Speaker. If that had been done Canadians at that time would have been able to form an idea of the course to be followed by the government and the proposals from other parties could have been made and considered in the light of a full knowledge of the situation. But no such action was taken.

What did we learn from the minister last December about the situation in this country? The estimate of his predecessor, Mr. Harris, of revenue was $5,170 million, made in March, 1957, and he accepted that estimate of revenue. Last December it was accepted. That will be found at page 2002 of *Hansard*. The other day in the house he told us that no substantial reduction in revenue was likely except from the 1957 tax reduction. We were told that. This is the kind of information on which we had to make up our minds and base our policies. What were the facts? Revenue dropped $510 million to $4,660 million and much of that drop—more than half of it—had nothing to do with tax reductions. As for expenditures, these were $534 million higher in spite of all the Tory talk about reducing expenditures, which talk was repeated by the minister himself on December 6 and, if he likes, he can read it at page 2003 of *Hansard* in order to refresh his memory of what he said.

Mr. Fleming (Eglinton): I am sure the hon. gentleman does not wish to be unfair but he purports now to be quoting figures given by me last December which were with reference to the fiscal year 1957-58. But by a peculiar form of elision he slipped on to say that the revenue receipts were $4,660 million. Those are for the fiscal year 1958-59 and are an estimate.

Mr. Pearson: I am not misquoting, Mr. Speaker, and I am not misunderstanding the minister. Surely he does not deny that revenue dropped last year from the figure which Mr. Harris gave us in the spring and which he accepted as the estimate of revenue last December.

Mr. Fleming (Eglinton): It did not drop to $4,660 million.

Mr. Pearson: It was on the basis of his acceptance of those figures that we have to operate at this stage and in spite of that information which we got and which did not turn out to be accurate information. Of course, I do not expect the minister to be infallible and omniscent in these matters.

The expenditures now proposed, however, are far from anything that any one on this side could possibly have anticipated in the previous session of parliament, provided we believed in any way, shape or form the figure which they gave us and their protestations of cuts in expenditure. The result of all this was that Mr. Harris estimated for last year a surplus of $151 million, leaving out the $100 million which my hon. friend always added to that surplus. Even at the end of January of this year, the Minister of Finance insisted that this surplus, which he called a respectable surplus, would be achieved by what he called prudent management. That will be found at page 4019 of *Hansard*. We learned in June of this year that the position was

very different indeed and that instead of this respectable surplus which was to be achieved by prudent management, we got a deficit of $39 million. This was the kind of information, or these were the facts on which we on this side had to operate in working on our financial and tax policies for a recession.

Now let me come to a third and very fierce fixation held by the minister and which I think has now been liquidated by the responsibility of office. It often has a salutary and liquidating effect. This fixation is the vicious effect of so-called tight money on the business and economic situation last spring.

Tight money, that was the culprit! The Liberal culprit responsible for the pause, the slowdown, unemployment and everything else that was bad. The Liberals did it all.

Some hon. Members: Hear, hear.

Mr. Pearson: As a result of their tight money policy they were responsible for everything.

Some hon. Members: Hear, hear.

Mr. Pearson: That is just what I had hoped to hear; that is the way the fable goes. It continues that the tight money policy was the culmination of those years of misrule.

Some hon. Members: Hear, hear.

Mr. Pearson: Those years of misrule under which Canada became the most envied country in the world, achieving a position of wealth, power and high respect unparalleled in its history, which the minister well knows, because outside this country he acknowledges it.

Mr. Fleming (Eglinton): What?

Mr. Pearson: In his speeches he acknowledges it.

Mr. Pickersgill: The minister should read his own speeches, particularly the one made in Florida last year.

Mr. Pearson: He acknowledges the fact that our country is envied and has been for years the envy of all other countries in the world.

Mr. Fleming (Eglinton): It has been envied a great deal more since June 10, 1957.

Mr. Pearson: We have now come to the end of this ten year period—and what a period of time it was. It was a period, to use the words of an hon. member—I believe from Nova Scotia—when he was speaking the other night, of wounds and scars. Wounds and scars on a national economic body which during those years was perhaps the healthiest national economy in the world.

An hon. Member: Nonsense.

Mr. Pearson: Don't take my word for it.

[Mr. Pearson.]

An hon. Member: Don't worry, we won't.

Mr. Pearson: I will quote an authority far more impressive to hon. members opposite than myself, namely, the Minister of Finance himself. In his budget speech reported in *Hansard* at page 1237 for June 17, 1958 he talks about the rapid development which has been taking place in the Canadian economy in recent years. He also refers to Canada's rapid economic growth of recent years. How did we manage to accomplish this rapid economic development in Canada at a time of such terrible misrule? Does this sound as if the Tory government inherited a decaying country, weakened and destroyed by Liberal misrule. The minister is right when he speaks like this, and he is wrong when he talks the other way on the hustings, and he knows it.

Mr. Fleming (Eglinton): I talk the same way everywhere, and you know it.

Mr. Pearson: What, then, caused the recession?

An hon. Member: You caused it.

Mr. Pearson: That is the trouble with some hon. members, that they can think in no other terms than party politics, but times are a little too serious for that kind of political party approach. At the beginning of the election campaign on February 14—

An hon. Member: We are not supposed to be talking about the election campaign.

Mr. Pearson: —I said the cause of the economic recession—

Some hon. Members: Oh, oh.

Mr. Pearson: Perhaps my hon. friends who have not spoken in the debate would kindly wait their turn.

Mr. Speaker: Order. I cannot hear the hon. member.

Mr. Pearson: I hope, Mr. Speaker, that those who are making these interjections will not acquire the kind of reputation which some members in the past have acquired, to the effect that every time they open their mouths they illustrate the emptiness of their minds.

Some hon. Members: Hear, hear.

Mr. Pearson: Here is what I said on the influence of the recession on the decline of the economic activity:

> During the second half of 1957 trouble really began to spread. Demand for our products, both here and abroad, lessened. This brought excess capacity, declining private investment opportunities and, with an expanding labour force, growing unemployment. For a country like Canada, when both private investment and exports go down, you can expect a substantial increase in unemployment.

That was a consequence, or a part of it, of the recession in this country as it existed at the beginning of the election campaign. It was not very long afterwards that my analysis was confirmed by the annual report of the governor of the Bank of Canada published on February 28, 1958 and hon. members will recall the reaction of the Tory party to that statement of the governor of the Bank of Canada. I recall, and I recall very well, the reaction of the minister himself to that analysis of the situation, but what does he say now that he is chastened and sobered by the responsibility of office?

Mr. Fleming (Eglinton): The same thing.

Mr. Pearson: Oh, well let him read what he says. I quote from his carefully prepared analysis contained in the budget speech in respect of which he had the benefit of some pretty good expert advice and assistance. He does not repeat the stupid partisan charge that tight money was the cause of the change from expansion to recession, and that therefore it was all our fault. He in fact repudiates both his own and the Prime Minister's campaign explanation of the "pause". He does not even mention tight money as a cause of economic decline, but he does have a lot to say about the decrease in world demand for Canadian raw materials and our consequent condition of oversupply and unused productive capacity.

Why, his observations on this matter in the budget speech might have been written by the governor of the Bank of Canada himself.

Mr. Fleming (Eglinton): What about all the references to credit restrictions, high interest rates and so on, before we came into office?

Mr. Pearson: The minister had better read his remarks as recorded at page 1231, as follows:

> As the boom lost momentum in the latter part of 1957—

Mr. Pickersgill: Hear, hear.

Mr. Pearson: That was the latter part of 1957. I would now like to quote from a later passage in the same speech, as follows:

> The rate of economic growth slowed noticeably during 1957 as the forces which underlay the great surge of 1955 and 1956 spent themselves.

The great surge under the Liberal administration!

Some hon. Members: Hear, hear.

Mr. Pearson: He continued and said that this surge, this excessive pace of 1955 and 1956, was straining our resources of men and materials despite very large borrowings abroad.

Incidentally, I do not recall hon. members opposite who were in the house in those days complaining about the excessive pace of our progress during those years, but that surge, that pace, if you like, did represent danger, the danger of serious inflation, as the minister now admits. It was Mr. Walter Harris in his budget who emphasized that danger and took steps to meet it as a result of which steps factious and partisan men condemned him and the prejudiced echoes of that condemnation are still heard in this house.

We also remember the Prime Minister and his misleading and unworthy use of carefully selected passages from a secret report of the Department of Trade and Commerce in an attempt to show that it was not inflation but recession and unemployment which was the immediate and real danger last spring. This was referred to by the hon. member for Essex East this afternoon. The Prime Minister said we had been told all this by the experts and had ignored their advice and that this had caused all the trouble.

We now know that this was a false charge and the impropriety of the tactics used in making the charge have now been illustrated by the Prime Minister himself.

Mr. Fleming (Eglinton): It is a true charge which has been confirmed.

Mr. Pearson: If we were to be criticized—and how bitterly we were criticized in this house and on the hustings for "hiding" that report 15 months ago, when it was not asked for—what is the Prime Minister now doing when he is hiding the report of the same body for 1958, which has been asked for.

Mr. Speaker: I am sorry, but I cannot allow the hon. member to proceed on that phase, because that is the subject of a motion presently before the house.

Mr. Pearson: Very well, Mr. Speaker, I bow to your ruling and will leave that aspect of my remarks. But I will return for a few moments, if I may, to this very important question of inflation. What does the Minister of Finance now say about inflation? He charged us on this side with taking no interest in the danger of inflation. Believe me, this question has been very much in our minds, and not only during this debate. The minister says in his budget speech: "Inflation now remains a very real danger". This is the inflation which he said in this house only last November had been checked. If this danger still exists, and it certainly does, in July 1958, how much greater was it in the spring of 1957, so we ask ourselves what light does the minister's statement and the budgetary papers accompanying it throw on this situation and

what is the government doing to keep this danger of inflation in check.

But when I talk about this I get back to the deficit, and I am quite sure that any observations I am going to make will result in my being accused of spreading doom and gloom, as we always are on this side when we try to state the facts as we see them. Those gentlemen opposite who accuse us of spreading gloom should recall their speeches made in 1955, and before that when we were in a very mild recession and when we were subjected to a far more bitter assault than that to which the goverment is beng subjected now; when they showed much less sense of responsibility in a far less serious situation than we are trying to show in a much more serious situation. It is in this spirit I give my analysis of the danger of inflation.

The minister has provided in his main estimates for an expenditure of $5,179 million, and in his supplementary estimates for $58 million. To this we must add an old age security fund deficit amounting to $190 million, and a further $70 million with respect to the Hospital Insurance and Diagnostic Services Act, plus a C.N.R. unspecified deficit, and I think the minister will probably not quarrel with me if I put this at $55 million. All this brings the total to $5,552 million against revenues estimated at $4,660 million.

That is a deficit of $892 million, and it is a deficit which even the most conservative commentators—conservative in the small "c" sense—in this country are accepting, including the director of the tax foundation. The Minister of Finance denied that this afternoon, but here is the statement of the speech which Mr. Perry of the tax foundation made, headlined: "Predicts Deficit Near $1 Billion". This is a prophecy which has not been made by us alone but by bank presidents, economists, by the head of the tax foundation, and by others qualified to form an opinion, and it will probably prove to be somewhere near the right amount because you have to add to that figure of $892 million, civil service pay increases, payments under the Agricultural Prices Stabilization Act and new payments under the gold mining act, more money, perhaps, for the provinces and so on. Therefore we have the right to say—and we can surely say it without being accused of attacking the national interest—as is being said outside this house, that on the minister's own calculation of an increase of 2 per cent in the gross national product next year, the deficit will likely be over $1 billion.

The minister does not tell us very much about how he reached his own optimistic deficit figure, but it is based on a forecast of a gross national product of $32 billion which is, as I have said, a 2 per cent increase, assuming there is no significant rise in prices and assuming normal crops. After what we have heard this afternoon about the situation in the west, that is a somewhat risky assumption to make. However, that is his assumption. He also leads us to believe he is basing that estimate on the 1958 investment outlook, this assumption of a 2 per cent increase.

But according to the bulletin entitled "The 1958 outlook for private and public investment" published by the Department of Trade and Commerce, present investment plans indicate that total capital expenditures, both private and public, are nearly 3 per cent lower in 1958 than in 1957. We all know, of course, the great influence that capital outlays have in determining the gross national product, and it seems to me difficult to understand how the minister can reconcile a 2 per cent increase in our gross national product with a 3 per cent decrease in total capital outlay without any price rise and with agricultural prices remaining normal.

About that I would say first, that we on this side of the house are finding it impossible to accept the optimistic conclusion of the minister, and we have evidence—and it is not selective evidence, and it is not put forward for any other purpose than an attempt to face facts in a realistic way—which justifies, I think, our caution in this regard. The most recent piece of evidence we have—and the minister must surely be acquainted with it—is the figure published by the dominion bureau of statistics on the gross national product for the first quarter of 1958. That figure is $31.7 billion which, seasonally adjusted at annual rates, shows an increase of only 0.7 per cent over the comparable adjusted figure for the last quarter of 1957.

Furthermore, that particular estimate is based on an arbitrary estimate of crop production for 1958 and ignores the fact that final product prices were slightly higher in the first quarter of 1958. There was in fact a decline in volume of production of goods and services of about one half of 1 per cent compared with the same period a year ago, and a drop in the volume of non-farm output of nearly 2 per cent.

Mr. Speaker, it is impossible for us to accept this optimistic conclusion of the minister because the evidence seems to us to point in the other direction, and if that is the case surely the minister should be taking this into consideration in the plans and policies which he must be preparing at the present time.

But even if we assume an increase of 2 per cent in gross national product in 1958, what would be the employment outlook for the current year? The hon. member for

Essex East made his projection this afternoon, and I think, without going into the details he went into, that if there is this 2 per cent increase in the gross national product and if there is the same ratio between that figure and employment which has existed over recent years, it would mean we would have an increase of about 1 per cent in employment in this country in 1958 as compared with 1957. If there is an addition to the labour force of 2.5 per cent we would have considerably more unemployment next year than last year, and the peak figure would be far too high. I am willing to leave it at that.

The implications with regard to unemployment are serious, but the implications with regard to inflation are just as serious. I do not need to tell the minister this, but his dilemma—and I mentioned this in a speech in the House of Commons on the address—is that he has at the same time to deal with the danger of recession today and the danger of inflation tomorrow.

If we take into account the real budgetary deficit and the net requirement of cash non-budgetary transactions which comes to $775 million on the minister's own figuring and which, in a sense, is a deficit of its own, the government will have to borrow—as the minister must well know because I am sure the figures are haunting him—approximately $1.8 billion in 1958-59. In addition, nearly $2 billion will be needed to pay off maturing securities. This means that the government's borrowing program for 1958-59 will reach nearly $3.8 billion of which approximately $1 billion is due to government deficit.

Mr. Fleming (Eglinton): Do not magnify that. I think my hon. friend ought to be responsible. I gave the figures.

Mr. Pearson: These are the figures which the minister himself has used.

Mr. Fleming (Eglinton): No, they are not.

Mr. Pearson: Will the minister tell me what the figures are?

Mr. Fleming (Eglinton): Three billion four hundred million dollars was the total I gave, not $3.8 billion.

Mr. Pearson: All right, $3.4 billion. But if the minister were to check again I think he will find that the figures total $3.8 billion.

Mr. Fleming (Eglinton): Not at all.

Mr. Pearson: That is, in the minister's own words, "a major financial operation".

Mr. Stinson: That is what he said.

Mr. Pearson: That is what the minister called it and certainly it is a major financial operation, especially when we consider the very important fact not mentioned by the minister, that total savings by individuals and businesses in Canada in 1957 amounted to about $6 billion and that the new capital requirements of the private sector of the economy in 1958 will amount to about $5.7 billion.

Even if the minister receives—and again I am using his own words—"the closest co-operation between the Department of Finance, the Bank of Canada, the chartered banks and all investment institutions and dealers", which he asks for and to which he is entitled, he has indeed a major financial operation ahead of him. I do not need to tell him that unskilful handling of this financial operation will have very serious consequences for the country and I am sure everyone on this side of the house will wish him well in the conduct of this complex, difficult and important operation.

Mr. Fleming (Eglinton): Thank you.

Mr. Churchill: He is equal to it.

Mr. Pearson: If you think my predictions on these matters, coming from a political source, are suspect, I can refer again to the director of the Canadian Tax Foundation who is an accepted authority in this field. He recently stated his view that in addition to the economic deficit this year there would almost certainly be another substantial deficit in 1959 and that only a "roaring inflation"—that is what he called it although I certainly hope it can be avoided—could increase federal revenues sufficiently in the next year to balance the budget.

The director was gloomy about the long term prospects. The best he could see was a "modest federal surplus by 1967", the year that will mark the centenary of confederation. I hope that the words once applied to Sir Robert Peel when he was chancellor of the exchequer—I think by Disraeli—will not be applicable to my hon. friend. Disraeli said:

> I see the chancellor of the exchequer sitting on the edge of bottomless deficits fishing for budgets.

But, says the minister, notwithstanding all these expenditures and deficits—and these are his words—the "net burden of the public debt will remain well below what we carried quite easily only a few years ago." He did not go on to say that, if this is true, it is due largely to Liberal fiscal and monetary policy after world war II. We know what that policy was. It was laid down in the white paper on unemployment and income published in 1945. That economic and financial policy was systematically and intelligently applied by Liberal governments throughout the post-war period. There were short recessions in 1949

and 1954 and tax cuts made on those occasions helped the country get out of them. For the other years during that period inflationary pressures were predominant and there were budgetary surpluses. As a result of this anti-cyclical policy, a high and stable level of employment and income was maintained and the public debt was reduced by $2.2 billion. As the *Financial Post* said just the other day:

> The Conservative government is thus reaping the reward of those big budget surpluses by which Mr. Abbott reduced our national debt from 1947 on by . . . $2.2 billion.

I was going to go on to talk about trade matters but I have not time for that and in any event I will have another opportunity to talk about trade. But I want to summarize by saying that this budget contains very little which gives any encouragement to us to believe that the government is going to follow an expansionist trade policy. There are indications in it—and we were not entirely reassured by the eloquence of my hon. friend the Minister of National Revenue this evening—that the government on the other hand may in a time of recession fall back on restrictionist policies which they attempted to follow with such bad results for the country in the past. There are indications in the budget, also in the field of trade, that the government is adopting a very peculiar way of preparing for the commonwealth economic conference, first by ignoring the offer of freer trade and secondly by flouting the goodwill of the British by raising the duty on woollens.

My main criticism of the budget is that it contains nothing that will effectively meet the most major domestic problem before us today, that of unemployment. There is nothing in it to encourage trade expansion. It contains very little to give us encouragement in facing the problems of unemployment and recession which lie ahead. In short, Mr. Speaker, this budget, introduced by the longest budget speech in our days, is the shortest in constructive purpose and forward-looking policy we have had since 1935. It represents an inadequate and ill-planned attack on a situation more serious than any we have faced for many years. It shows all the evidence of having been bedevilled at birth by the electoral necessities of those who produced it. There is no route here in the unplanned path that will lead us out of our difficulties. No wonder that in the country it has been received—shall I say—with indifference. That is probably the best one can say for it. It has been unwept, unhonoured and unsung. It is, in short, unworthy of the seriousness of our time.

[Mr. Pearson.]

The Minister of Transport (Mr. Hees), who is not in his seat, made an interesting comment to his constituents in Toronto on March 1 last in explaining why a budget was not brought down last autumn. The congenial minister put it this way, and I quote from the press report of his speech on that occasion:

> You don't really accomplish anything in bringing down a budget.

Mr. Pallett: That is taken completely out of context.

Mr. Pearson: The budget that was brought down a few short days ago may, I am afraid, prove that the Minister of Transport was right at least on this occasion. This budget will not indeed accomplish the purpose which we all desire on all sides of the house to see accomplished, that of putting Canada back on the high road to prosperity and full employment which characterized those ten great years in our history, 1947-57. The minister should talk to his colleagues about it.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, since I have only a very short time at my disposal I must admit that I am confused in knowing where to start in the speech I had taken a brief moment to prepare but in view of the fact that again tonight hon. members of the Conservative party have been challenged to produce evidence concerning extravagance and waste under the previous Liberal government I would like to draw to the attention of hon. members of the Liberal party an article which appeared in the Montreal *Star* of January 16, 1958, which bore the following headline, "Project Launched, Then Abandoned—Cost: $6 Million". Part way through the article we find these words:

> The works department paid an architect $48,675 for professional services in October, 1956, although the architect had died the previous July. The money was subsequently paid to the architect's firm but no release was obtained from the deceased's estate.

An hon. Member: I'll bet he voted, too.

Mr. Ricard: Again we read:

> A foreign service officer in the external affairs department was granted 18 weeks' sick leave with pay though he had resigned from government service. Mr. Sellar said: "It is generally accepted that (sick) leave may be granted only when it may reasonably be regarded that the civil servant will return to duty upon recovery."

I ask hon. gentlemen to my right, if this is not extravagance and waste, what is it? Further along in the same article we read:

> An employee of the agriculture department was paid between $1,259 and $1,659 annually for four years but $600 of the annual payment was classed as casual earnings so that the employee could qualify for war veterans allowances.

Some hon. Members: Order.

Mr. Speaker: Order. It being 9.45 o'clock p.m., it is my duty, pursuant to section 6 of standing order 58, to interrupt these proceedings and put forthwith the question on the main motion.

The house divided on the motion (Mr. Fleming, Eglinton) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Allard
Allmark
Anderson
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bourbonnais
Bourdages
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campeau
Cardiff
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Creaghan
Danforth
Deschambault
Dinsdale
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Frechette
Fulton
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Jasper-Edson)
Howe
Johnson
Jones
Keays
Kindt
Knowles
Kucherepa
Lambert
LaRue
Legere
Lennard
Letourneau
Lockyer
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
MacRae
McCleave
McGee
McGregor
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morris
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
O'Leary
Pallett
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Rogers
Rynard
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stefanson
Stinson
Taylor
Thomas
Thompson
Valade
Villeneuve
Vivian
Walker
Webster
Weichel
White
Woolliams
Wratten—146.

NAYS

Messrs:

Argue
Badanai
Batten
Benidickson
Boulanger
Bourque
Cardin
Caron
Carter
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Garland
Godin
Gour
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Pearson
Peters
Pickersgill
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Rouleau
Tucker
Winch—47.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

The Deputy Chairman: The house in committee of ways and means to consider a proposed resolution to amend the Income Tax Act. Shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I think the leader of the house has indicated the business for tomorrow. Can he indicate the business for Monday?

Mr. Green: Tomorrow, Mr. Speaker, we shall take the estimates of public works and agriculture. On Monday we will move to go into supply.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, July 4, 1958

The house met at eleven o'clock.

INDUSTRIAL RELATIONS

MOTION FOR CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. R. H. Small (Danforth) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Mr. Alexis Caron (Hull): Mr. Speaker, I do not think there is unanimous consent, because we oppose the idea of committees sitting while the house is sitting.

Motion stands.

CANADIAN BROADCASTING CORPORATION

ANNOUNCEMENT OF RESIGNATION OF CHAIRMAN OF BOARD OF GOVERNORS

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I regret to advise the house that the government has received the resignation of Mr. A. D. Dunton as chairman of the board of governors of the Canadian Broadcasting Corporation. This resignation was received yesterday afternoon.

Mr. Dunton was appointed chairman of the board in 1945, and from 1945 to the present time he has served in that capacity. It has been, I think we would all agree, one of the most difficult positions in the public service, and he has shown in the administration of that office a combination of tact, firmness and ability which has characterized his term of office and placed the administration on a high level of efficiency which reflects credit on the Canadian Broadcasting Corporation and on himself. The high standard of C.B.C. radio and the tremendous growth of C.B.C. television culminating in the inauguration of the national microwave system on July 1 will serve as monuments to his record of service to Canada.

Mr. Dunton has received various offers of employment during the last year, all of which he has turned down, but he has been offered one which appeals to him because it provides a different opportunity for public service—one which, I understand, has been tendered to him officially this morning, and which he has accepted, namely, the presidency of Carleton University.

We all regret the fact that his services are lost to the public service of Canada in the field of radio and television, but at the same time we welcome the fact that he is entering another area of public service where he will be able to make a real contribution to the development of this country. His resignation will be effective on July 15.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members of the house will have heard with great regret the news the minister has just given us of the resignation of one who has served his country with distinction, devotion and intelligence in one of the most difficult positions that any Canadian could hold. Our regret at this news is mitigated to some extent by the other announcement that he is accepting the position as head of one of the two great universities in Ottawa, where he will have further opportunities of public service.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, it is with great regret certainly that we in this group learn of the resignation of Mr. A. D. Dunton, chairman of the board of governors of the Canadian Broadcasting Corporation. I believe his resignation is a blow to Canada and to the C.B.C. which has been built up to such great efficiency over the years. Mr. Dunton presided as chairman of the board of governors while the Canadian Broadcasting Corporation was in a state of rapid growth particularly in respect of its television facilities. The corporation has strongly cemented national unity in Canada amongst both our great races and has helped develop a distinctive Canadian culture. Without reservation we are sorry to see Mr. A. D. Dunton resign from this important position. Naturally we are pleased that he will continue to serve his country in another highly important capacity. We wish him health and happiness in his new post, and we anticipate from him the same distinguished service in the years to come.

NATIONAL DEFENCE

STATEMENT RESPECTING PROPOSED REORGANIZATION OF MILITIA

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, in view of the widespread publicity given to the statement I am alleged to have made yesterday that there were to be drastic reductions in the militia,

and the serious effect and repercussions that may arise from that publicity, I would like to make a brief statement on the actual situation. The question of the reorganization of the militia is now under study along the lines that the organization should be based primarily upon the ability of various localities to support militia units, and partly on the proximity of possible targets for enemy attack.

I still want to stress that the militia is an important element in our deterrent, because it is to be trained so it can help to sustain the life of this nation under a nuclear attack and, therefore, make that attack less effective than if there were no such organization.

There are some localities which experience has shown have not been able to maintain the number of units that had been previously allocated to those localities. Some of these units will have to be amalgamated with others, but there is no drastic reduction contemplated in the militia.

[*Later:*]

REPORTED DISPOSITION OF SURPLUS UNIFORMS TO WELFARE AGENCIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address my first question to the Minister of Defence Production, based on a somewhat abnormal continuing curiosity.

In view of the reports that arrangements were made by the minister for the sale of clothing sufficient for one thousand men at a cost of $1 to assist a welfare organization in the rehabilitation of certain unfortunate persons, would the minister inform the house if it is the policy of the government to render such assistance to other organizations undertaking similar rehabilitation programs?

Hon. Raymond O'Hurley (Minister of Defence Production): I wish to thank the hon. member for having given me notice of this question. I have received a request from the Meurling Institute of Montreal to sell for a nominal sum used clothing for the rehabilitation of certain unfortunate persons in that district. Although it was a most reasonable request, no decision has as yet been taken on it.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—FURTHER STATEMENT ON STRIKE SITUATION

Hon. Michael Starr (Minister of Labour): Mr. Speaker, because of the wide interest in the coastal steamship strike and the interest which I know hon. members in this house have in this matter I want to follow up and summarize what has transpired since I made my statement on Wednesday last, in which I said that I had forwarded to the parties concerned a recommendation of Mr. Eric Taylor who is acting on behalf of the Department of Labour in trying to bring the parties together.

I have received replies to my telegram from the Canadian Pacific Railway accepting the conditions as outlined by Mr. Taylor subject to their being accepted by the other interested parties. I received other telegrams from R. E. Greaves, the national president of the national association of marine engineers, and G. F. Bullock, secretary of the Canadian merchant service guild, advising me that these two organizations confirm acceptance of the recommendation as outlined by the mediator, Eric Taylor, and will comply. The only one we have not heard from definitely is the seafarers international union. A referendum was being taken yesterday in Vancouver, and we are awaiting the result of that referendum and their decision.

ANIMAL CONTAGIOUS DISEASES ACT

AMENDMENTS RESPECTING LIMITS ON COMPENSATION FOR SLAUGHTERED CATTLE

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Animal Contagious Diseases Act to remove the statutory limits on the amount of compensation for cattle slaughtered pursuant to the act, except when slaughtered pursuant to area or herd disease eradication programs, in which case the limits are to be increased.

Motion agreed to.

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS RESPECTING EXTENSION OF BENEFITS AND CHANGES IN ADMINISTRATION

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

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

Motion agreed to.

JUDGES ACT

AMENDMENT TO PROVIDE SALARIES FOR ADDITIONAL JUDGES

Hon. E. D. Fulton (Minister of Justice) moved that the house go into committee at

the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for two additional judges of the high court of Ontario, for one additional judge of the appeal division of the supreme court of New Brunswick and for six additional judges for the county courts of Ontario.

Motion agreed to.

PUBLIC SERVICE

INQUIRY AS TO APPOINTMENT OF COMMISSION TO INVESTIGATE ECONOMIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to address a question to the Prime Minister. Has the government any plans to investigate possible economies in the organization of the civil service, for instance by the appointment of a Canadian "Hoover" commission, a proposal which the Prime Minister and his party advocated so strongly when they were in opposition?

Mr. Argue: Let us hope not.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is true that over the years this party advocated a commission similar to the Hoover commission in the United States. It is equally true that over the years those who are now in opposition opposed that suggestion with all the vehemence at their command. This government will give the fullest consideration to this matter, and when it is in a position to announce a decision it will be made to the house.

Mr. Pearson: A supplementary question, Mr. Speaker. Is the statement of the Prime Minister now replacing the statement he gave to the press yesterday on this subject?

Mr. Diefenbaker: There is no replacement in any way, as my hon. friend will find if he will read the question and the answer of yesterday.

Mr. Pearson: I will read them.

Mr. Pickersgill: A contradiction.

INQUIRY AS TO PROCLAMATION OF ANNUAL VACATIONS ACT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): May I direct a question to the Minister of Labour. Can the minister explain to the house the unprecedented delay in proclaiming the Annual Vacations Act which was given royal assent on January 31 last, and can this act be proclaimed immediately so the people affected may get their holidays this season?

Hon. Michael Starr (Minister of Labour): I expect to make an announcement to that effect in the early part of next week.

FRUIT

BRITISH COLUMBIA—REPRESENTATION RESPECTING PRICE SUPPORT STABILIZATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Agriculture to further enlighten the house and, I trust, promote the happiness and welfare of the tree fruit growers in British Columbia. Can the minister inform the house when a decision can be expected in connection with the application of the British Columbia fruit growers association for assistance under the Agricultural Stabilization Act for the 1957 crop?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the British Columbia fruit growers association requested some assistance for the 1957 apple crop in January of this year. I assured them at that time that when they had finished marketing that crop, which was not in fact until about a month ago, we would give consideration to their request. They wrote again on March 27 and asked that consideration also be given to assistance on the 1957 crops of apricots, prunes and two other fruits. I have forgotten which ones they are at the moment. Then they made a formal submission on June 11.

I wrote to them in reply pointing out the fact that we had made a commitment to give consideration to assistance as far as the 1957 apple crop was concerned. We also asked them on June 24 to supply additional information with respect to the 1957 apple crop, information which we will require before we can make any determination and come to a decision whether assistance should be given. Up to date this information has not been received.

UNEMPLOYMENT INSURANCE

ROUYN—REQUEST FOR EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Mr. Armand Dumas (Villeneuve): I wish to direct a question to the Minister of Labour. Did the minister receive a telegram from the city of Rouyn asking that seasonal benefits be extended, or that the government take all necessary steps to help the unemployed?

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for giving me notice of his intention to ask this question. The answer to the first part is no. Since

we have extended seasonal benefits twice already, it is not the intention of the government to extend seasonal benefits further.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REFERENCE TO STATEMENTS BY PROVINCIAL MINISTERS

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Is he aware of the reported statement of Premier T. C. Douglas of Saskatchewan with regard to the whole South Saskatchewan dam agreement, which statement is found in the Ottawa *Citizen* of July 3 and reads in part as follows:

> He claims the province is being asked to pay more than the federal government, although he does not regard power as a separate project.

Is he also aware of the statement of the minister of agriculture of Saskatchewan as reported in the Ottawa *Journal* of July 3, which reads in part as follows:

> He called it "a tougher deal than Jimmie Gardiner offered us when he was federal agriculture minister in the former Liberal government."

If the minister is aware of these statements, would he care to comment on them?

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker. I have seen these press reports and certain others, and I must say I was surprised and disappointed to see them in view of the extremely generous terms we have offered to the province of Saskatchewan respecting the construction of the South Saskatchewan dam. With respect to the statement made by Mr. Nollet that we have offered tougher terms than the former minister of agriculture, Right Hon. Mr. Gardiner, offered to them at one time, I would only say that we started our negotiations with Saskatchewan on that basis and continually improved our offer.

Mr. Speaker: Order. May I suggest to the minister that the other day the Prime Minister tabled the terms of the offer which I take it he is now endeavouring to explain in response to this question. I assume the matter will come before the house for approval, and it seems to me it would be better to defer discussion until that time, because this discussion is taking the form of a debate.

[*Later:*]

Mr. H. F. Jones (Saskatoon): Mr. Speaker, if it is in order I would like to ask the Prime Minister a factual question in connection with the federal government offer in respect of the South Saskatchewan river dam. Would the Prime Minister inform the house what concessions have been made by the dominion government to the province of Saskatchewan in connection with the number of acres to be irrigated by the province as a condition of the participation of the dominion government in the South Saskatchewan river dam project?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in reply to this question I think I should refer to a statement made by the Canadian Press and, as such, a statement which affects the privileges of this house. This statement was to the effect that the premier of Saskatchewan had said that the province is "deeply disappointed" that the requested federal government loan to help build the South Saskatchewan river dam had been rejected and accused Prime Minister Diefenbaker of "rank discrimination against Saskatchewan".

If this statement was made by the premier of Saskatchewan, all I can say is that it is in error. The total cost of building a dam up to $100 million will be shared 75 per cent by the federal government and 25 per cent by the provincial government. Of that 25 per cent one-half will be given as a loan by the federal government to the government of Saskatchewan in further assistance with respect to this project.

In so far as concessions are concerned, a very material concession was arrived at as the result of consultation, and that is that while at all times in the past it was understood that if the project was proceeded with 100,000 acres of irrigated land would have to be assured within one year after completion of the dam, we have met the province of Saskatchewan in that regard by reducing by 50 per cent the number of acres subject to irrigation within that period. The other concessions were in general referred to by myself when I brought this matter to the attention of the house on July 2, 1958, and I will not repeat what I said on that occasion.

The premier of Saskatchewan and the minister of agriculture of that province, of course, by their attitudes in this very important matter seem to be generating provincial pre-election schemes.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the comment of the Prime Minister has been most regrettable, and I am going to explain why I believe this to be so.

Some hon. Members: Order.

Mr. Argue: I am sure the Prime Minister does not want to misjudge a comment of the premier of Saskatchewan. Is the Prime Minister aware that on the C.B.C. television news at eleven o'clock, following his announcement in the house, an erroneous report was

made that the Prime Minister had announced that the Saskatchewan application for a loan had been turned down. If that report was on the C.B.C. news is it not possible, though I have no personal knowledge of this, that the report was also in the press in Saskatchewan, and that that was the newspaper report which the premier of that province is answering, just as the Prime Minister himself is answering a news report today?

Mr. Diefenbaker: That is entirely erroneous, Mr. Speaker. What I was referring to was an additional amount over and above the assistance in the building of the dam, for which the government of Saskatchewan was asking; not assistance in connection with the financing of the dam of which, as I have already stated, we will agree to provide 50 per cent. I am referring now to the one-half of the $25 million on a 20-year debenture basis. Over and above that the premier of Saskatchewan asked that this government should also finance the province's own power development in Saskatchewan, and I said we turned down that proposal. That is a different matter altogether, and there was no erroneous report on the C.B.C.

Mr. Argue: I think my interpretation of the news at any time is as accurate as the interpretation of the Prime Minister, but may I ask this question. For what reason has he changed his position from that taken a few years ago in this house when he said that this project should be fully a federal responsibility—

Some hon. Members: Order.

Mr. Argue: —and does he not know—

Mr. Speaker: Order. This matter will become a general debate if it is pursued in this vein. It seems to me that sufficient explanations have been given to make the matter clear.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Prime Minister if he thinks that consideration should not be given by this government to the power needs of Newfoundland equal to that given by the government to the power needs of Saskatchewan?

Mr. Diefenbaker: I am glad to note the interest of my hon. friend in the power needs of Newfoundland, which were neglected while he was in office.

Mr. Pickersgill: As a supplementary question, does the Prime Minister consider that the power needs of Newfoundland were so neglected? The minister from Newfoundland said the opposite.

Inquiries of the Ministry

PUBLIC WORKS

RESPONSIBILITY FOR PROTECTION WALLS ON NAVIGABLE RIVERS

On the orders of the day:

Mr. Alexis Caron (Hull): May I direct a question to the Minister of Public Works. In view of the controversy between Quebec and federal authorities regarding responsibility for building protecting walls on navigable rivers, even if not or little navigated, would the minister satisfy all interested parties by submitting the case to the Supreme Court of Canada for clarification? If not, why not?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this question is a hardy perennial and I suggest it is not in order at this stage of the proceedings.

Mr. Caron: Why?

Mr. Pickersgill: It will be in half an hour.

ST. LAWRENCE SEAWAY

REPORTED INTENTION TO ORGANIZE TRADE UNION MONOPOLY

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Has the attention of the Minister of Transport been drawn to reports that Mr. James Hoffa, head of the international teamsters union, plans to organize a trade union monopoly of the workers of the St. Lawrence seaway? Would the minister have any comment to make on this report?

Hon. George H. Hees (Minister of Transport): I have read the same newspaper report as the hon. member, and I have no comment to make.

CANADIAN NATIONAL RAILWAYS

WINNIPEG—INQUIRY AS TO REPORTED LAY-OFFS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Transport arising out of continued reports of further substantial lay-offs of employees of Canadian National Railways at many points across the country, including the laying off of 75 employees in Winnipeg today.

Would the minister say what action the government is prepared to take to prevent further lay-offs at this time and whether, as a result of his conversation with the Canadian National following his statement of June 6, the minister can assure the house that long-service employees recently laid off will be re-employed at an early date?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): I thank the hon. member for advising me of his intention to ask this question. In reply I can explain the matter no more clearly or fully than I did when I spoke in the house on this matter on June 6 last, when I said as follows:

> Mr. Speaker, as I have told the house on numerous occasions these matters are completely within the jurisdiction of the management of the Canadian National Railways. They have informed me on many occasions that whenever lay-offs are made that is not done until every possible means of keeping the men employed have been explored, and that when lay-offs are necessary everything will be done to re-employ the men just as soon as possible.

Mr. Argue: As a supplementary question, may I say that I think the minister should read on from his statement of June 6, wherein I asked him whether he would make representations to the Canadian National and he replied by saying:

> Yes; I will bring the hon. member's representations to the attention of the management.

If he did, can he explain to the house why the Canadian National is apparently accelerating the rate of lay-offs, thus adding to the very serious unemployment in the country at this time?

Mr. Hees: I did bring the hon. member's representations to the attention of the management of the Canadian National, as I assured him I would do. I was again assured by the management of the Canadian National that whenever these lay-offs are necessary they are not made before every possible means of keeping the men employed is explored, and that whenever it is possible to find work for these men they will be re-employed. But they have pointed out to me, and I point out to the hon. member, that if there is no work for a man to do, the Canadian National cannot employ him.

Mr. Argue: I thank the minister for his statement. I wonder if he would be prepared to discuss with the Canadian National the question of the laying-off today of 75 employees from the shops in Winnipeg?

Mr. Hees: I have discussed this whole matter of lay-offs on many occasions with the Canadian National management, and this particular lay-off, although it is just as regrettable as all the others, does not enter into a different category. I know exactly how the management feels about this and other lay-offs and my speaking to them again about this will not change the effect of it, I feel sure. However, I shall be glad to speak to them again about this particular lay-off.

[Mr. Argue.]

LIVESTOCK

REQUEST FOR STEPS TO ASSURE ADEQUATE FEED SUPPLIES

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Trade and Commerce, in view of his important announcement of yesterday concerning the movement of feed grain on the prairies, and in view of the serious situation facing stockraisers because of the shortage of hay and other feed this year, which is causing many of them to sell stock early and threatening a glut on the market, if he would inform the house whether or not the government is giving consideration to some action to assure an adequate feed supply for the coming months, including this winter?

Hon. Gordon Churchill (Minister of Trade and Commerce): My responsibility in the matter was with regard to wheat, oats and barley, the feed grains. I did make an announcement yesterday in the house as to action in that regard.

Other matters with regard to fodder would come under the jurisdiction of the Minister of Agriculture (Mr. Harkness).

Mr. Martin (Essex East): Would the Minister of Trade and Commerce be kind enough to bring this question to the attention of the Minister of Agriculture?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I think possibly the hon. member for Essex East is losing his eyesight.

This matter of fodder for cattle in the drought areas of the west has been causing us very serious concern. We have been getting daily reports from the officials of the department in those areas as to what is the situation, and I have been in touch with the ministers of agriculture for Manitoba and Saskatchewan who are coming here next week in order to discuss this matter. We will then be able to consider steps to deal with what might be a very, very serious situation unless rain falls in that area within the next two weeks.

If we do get fairly general rainfall in the drought areas during the next two or three weeks the pastures will come back and a fair amount of feed will be provided. Otherwise there is going to be an extreme shortage of feed, and undoubtedly steps will have to be taken to provide fodder for the livestock in those areas.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, may I ask a supplementary question. I wonder if the Minister of Agriculture could tell us whether the government would consider

paying the cost of the freight for the movement of fodder and feed grains to drought areas in the prairies, in somewhat the same manner that is now provided for the movement of feed grains out of the prairies to eastern Canada, since there is a very great emergency in this case.

Mr. Harkness: Mr. Speaker, I think I indicated a minute ago the reason the ministers of agriculture for Manitoba and Saskatchewan are coming down here next week is to discuss these very matters, as to what steps should be taken and what is the best way to meet the threatened situation. At that time we will be having discussions upon these very points about which the hon. member is asking.

POWER

NEWFOUNDLAND—REPLY TO LETTER FROM PREMIER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, might I ask the Prime Minister if he has yet made any reply to the letter from the premier of Newfoundland dated February 19 which was tabled yesterday?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will have to look into that matter.

Mr. Pickersgill: As a supplementary question, may I ask the Prime Minister has consideration yet been given, as was publicly promised by the Prime Minister in St. John's, to that request and is it the intention of the government at the present session to propose an amendment to the statute as requested by the premier of Newfoundland?

Mr. Diefenbaker: In the immortal words of the hon. member when he was on this side of the house, when a decision is made it will be announced.

PUBLIC BUILDINGS

SUDBURY, ONT.—INQUIRY AS TO CONSTRUCTION OF ARMOURY

On the orders of the day:

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, I should like to direct a question through you to either the Minister of National Defence or the Minister of Defence Production. I wonder if either minister could advise the house what progress has been made toward the construction of an armoury in Sudbury following the announcement that was made this spring?

Inquiries of the Ministry

Hon. G. R. Pearkes (Minister of National Defence): Consideration is being given to the construction of an armoury in Sudbury, because the accommodation occupied by the militia in Sudbury is no longer available.

Mr. Mitchell: I do not think the minister quite answered my question. How far has the department proceeded with the planning of this armoury? When may we expect it?

Mr. Pearkes: Work is being carried out on the plan for this armoury.

BUSINESS OF THE HOUSE

REQUEST FOR EXTERNAL AFFAIRS DEBATE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wonder if I could ask the Prime Minister whether in view of the important international developments of recent weeks there is likely to be an early opportunity to discuss external affairs in this house?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am unable to say yet just when, but I would say that within the next week, as a result of arrangements, I hope a date can be fixed.

HOUSING

SUGGESTED EASIER FINANCING OF PURCHASE OF OLDER HOMES

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Would the minister care to comment on the proposal made yesterday before the Senate finance committee by the president of the house builders' association that consideration should be given to making financing easier for the purchase of older or so-called used homes?

Mr. Speaker: Do I understand that the question relates to matters before a committee of the other house?

Mr. Garland: It was not asked in that spirit. I asked the minister if he would care to comment. The basis of my question is a press release in yesterday's newspaper.

Hon. Howard C. Green (Minister of Public Works): I suggest it would be quite improper for me to comment on evidence that has been given before a Senate committee.

Inquiries of the Ministry

WATER RESOURCES

LAKE NIPISSING—STATEMENT ON CONTROL OF WATER LEVEL

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, may I take this opportunity to answer the question asked yesterday by the hon. member for Nipissing concerning the control of the water level in lake Nipissing. This level, apparently, is very low at the present time, and the hon. member asked whether we could not arrange more effective co-operation measures for control, together with the Ontario hydro commission.

I have now had an opportunity to check this situation with the departmental officials, and I can tell the hon. member that the co-operation between the Ontario hydro and the department is as good as can be, up to the limit that we cannot ask them to seriously endanger their water storage as required for power production needs. Officials of the department have telephone communication always available with officials of the hydro, and both agencies currently exchange information. Hydro also sends to the department weekly and monthly reports on data of discharges and storages.

Hydro have just advised an official of the department that there is no possibility of dumping more water than they have been doing recently. They point out that the Temagami, which is their largest storage, is now two feet below normal, and there is no possibility of dumping any more of the storage water. Spring run-off this year was practically nil, and as a consequence storages are subnormal.

Recently, as a result of some little rain and a high percentage of relative humidity reducing evaporation, the lake level has raised by 0.24 foot. However, unless run-off increases further, water power requirements may necessitate a reduction in discharge at the power dams in view of the present critical situation.

I greatly regret that I cannot give the hon. member a more encouraging report.

ATOMIC ENERGY

CANADIAN PARTICIPATION IN AGREEMENT AS TO USE FOR MILITARY PURPOSES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the pattern of three-power co-operation developed during world war II on atomic matters, could the minister inform the house whether Canada will be invited to join in the agreement signed, I think, the day before yesterday between the United Kingdom and the United States for co-operation on the use of atomic energy for defence purposes?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I will accept that question as notice.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO REPORTED STRIKE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, may I ask the Minister of Trade and Commerce if he has the answer to my question of yesterday on the strike on the pipe line at Port Arthur?

Hon. Gordon Churchill (Minister of Trade and Commerce): I thought the hon. member directed that question to the Minister of Labour. I have no answer for him today, but I will try to have one for him on Monday.

NORTHERN AFFAIRS

YUKON—REPORTED THREAT OF DAMAGE FROM FOREST FIRES

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, two days ago I directed a question to the Minister of Northern Affairs and National Resources concerning the forest fire situation in the Yukon. Since that time, in view of the fact that my information indicates an increase in the number of these forest fires with a consequent increase in the danger to private and public property, I am wondering whether the department has taken any further action in respect to sending assistance to those engaged in fighting these numerous fires.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, we were in contact with the commissioner of the Yukon on Wednesday. There are now 44 fires in the Yukon, and the old ones still have not been brought under control. A tremendous effort is being put into controlling them. The wardens we sent to assist a week ago are proving very useful. The commissioner has requested additional assistance, and yesterday four additional wardens were sent, three from Banff and one from Prince Albert. We are also sending some replacement relief for the forest engineer of the territorial government of the Yukon, who has been seriously overworked in the last two weeks. The replacement, I believe, has already flown in from Fort Smith. There was also a request

for equipment, and this was sent in either by air freight or air express yesterday.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Harbours and Rivers Engineering Services—

350. Ontario, $11,642,900.

Mr. Allmark: Mr. Chairman, I should like to take this opportunity to bring to the attention of the committee a matter which is of the utmost importance to my riding of Kingston and, I believe, of equal importance to the Canadian people. In the planning of the St. Lawrence seaway there was no provision made for the deepening of one small section approximately one-half mile in length at the foot of Wolfe island, some 20 miles east of Kingston. Because there was no provision made for the deepening of this particular section the Canadian channel which has been used almost exclusively since shipping began would no longer be the channel through which the vessels using the St. Lawrence seaway would pass. The western terminal of the St. Lawrence, which has been on the Canadian side of the river, would be transferred to the United States side.

The fact that this channel has been on the Canadian side has made Kingston the pilot's terminal. It has brought industry to this area. It has been responsible for building up shipyard and ship repair facilities which gave to Canadian labour millions of dollars annually in wages. It is obvious that if this one section is not deepened Canadian industry and labour located at the western end of the St. Lawrence river will not only lose the benefits they have enjoyed but will also lose those greater benefits which will result from the building of the St. Lawrence seaway.

It is sound reasoning to believe that ship repair facilities will be required at the junction of the St. Lawrence river and the great lakes. Ships that are damaged in the canals and in the narrow channels to the east of Kingston require repair before proceeding into the open lakes, and ships which suffer damage in the lakes cannot jeopardize the seaway system by proceeding through it without repair. Therefore I suggest that if this one obstacle is allowed to remain and block off the Canadian channel and prevent ships which require repair from reaching the repair facilities now established at Kingston, then these facilities will be built in the United States channel.

The Kingston drydock is owned by the Canadian government. Its cornerstone was laid in 1890 by a Canadian of great vision, Sir John A. Macdonald. It is my hope that this government will take the steps that are necessary to keep in Canada that which we already possess, the western terminal of the St. Lawrence system.

In the early days of this parliament I brought this situation to the attention of the minister. My submissions on behalf of the riding I represent have been enthusiastically and vigorously supported by the Kingston chamber of commerce and by the city council of Kingston. I should like to ask the Minister of Public Works if he and his departmental engineers have had sufficient time to consider my request for the opening of the Canadian channel in this particular area, and, if so, what action the government proposes taking.

Mr. Green: Mr. Chairman, the hon. member headed a delegation from Kingston which came to Ottawa a few days ago and interviewed the Minister of Transport and myself concerning this proposed deepening of the channel at the eastern end of Wolfe island. As a result of the information we gained at that interview we are having a further survey made, and I am hopeful that it will be possible to take some steps along the lines the hon. member has advocated today. We can assure him that we are very conscious of the importance of seeing that the famous old Canadian city of Kingston should not suffer in any way through any lack of action on the part of the government.

Mr. Fisher: Mr. Chairman, could I ask the minister for an explanation of the expenditures for Port Arthur and Fort William, and the relative balance toward Port Arthur rather than Fort William. I also put to him my former question concerning the distinction between dredging and harbour improvements.

Mr. Green: Mr. Chairman, the last thing I should like to do is fan any flames of rivalry between the cities of Port Arthur and Fort William.

Mr. Fisher: There are none.

Mr. Green: I learned shortly after I became Minister of Public Works that when I wrote a letter to the mayor of either of those cities it was wise to write the same letter to the mayor of the other. I have no intention today of going into a discussion of finances in such a way as to lead to the thought that there was any discrimination on the part of the government in dealing with the two cities referred to. It just so happens that last year we spent more money in the harbour of Fort William than we did in the harbour of Port Arthur. This year the reverse is true.

Mr. Pearson: There was an election.

Mr. Green: It had nothing to do with the election.

Mr. Pickersgill: Just inclining a little to the C.C.F.

Mr. Green: I am surprised that the Leader of the Opposition would allow his thoughts to sink so low. This year there is more money to be expended in the harbour of Port Arthur. As both the hon. members for Port Arthur and Fort William know, there is to be a lakehead dock erected and a lakehead harbour commission is being set up, and I am sure this co-operation will help a great deal to draw those two cities together in just the same way that the attitudes shown here by the hon. member for Port Arthur and the hon. member for Fort William have been most co-operative on this extremely difficult question.

Mr. Pearson: Mr. Chairman, as my thoughts, in the words of the minister, are low, may I—

Mr. Green: I did not really mean that.

Mr. Pearson: —ask him what progress, if any, has been made in the construction of a dock at Cutler, Ontario, to serve the very important Elliot Lake mining area, a dock which was promised by the Prime Minister as a government dock in the election of June, 1957?

Mr. Green: Evidently this dock is in the constituency of the Leader of the Opposition, Algoma East.

Mr. Pearson: That is right.

Mr. Green: He is very wise to be deeply interested in it. There was a suggestion that a coal company was interested in establishing a dock there and an attempt was made to work out some co-operative undertaking between the company and the government; but recently the coal company seems to have lost interest. I fear that at the moment not much progress is being made.

Mr. Pearson: Yes, Mr. Chairman, I am aware of that particular development, and I suggest to the minister that one of the reasons it has been very difficult indeed to work out this co-operative arrangement, by which the cost would be shared by the mining company and the coal company, with the government assisting in various ways, is that the Prime Minister promised that they would construct the dock. That was a little discouraging to the private interests who were about to contribute.

Mr. Green: Well, those private industries are not usually so thin-skinned. I think they understand pretty well what is required where a dock is to be constructed under conditions of this kind. We shall be very glad to have another look at the situation.

Mr. Pearson: I appreciate the minister's assurance in that regard because, as he knows, this particular area of Elliott Lake is becoming increasingly important, and the shipments from that area are increasing in volume every week. A dock in this particular area is becoming more and more important.

Mr. Garland: Can the minister comment on the extent of the repairs and plans for the dock at Sturgeon Falls this year? Perhaps when he is replying he could also clarify the responsibility assumed by his department for the approaches generally to government docks.

Mr. Green: As the hon. member will have noted, there is no item in the estimates for Sturgeon Falls dock although there may be—

Mr. Garland: Just repairs.

Mr. Green: There may be small repairs under way there. There is $1,000 for paving the approach to the dock. The practice in these cases is to construct a road to the nearest municipal or provincial highway.

Mr. Garland: Construct a road to the nearest street or highway?

Mr. Green: Yes. Mind you, that would be limited to construction on government property.

Mr. Garland: Oh, that is the qualifier? In view of the answer the minister was kind enough to give me earlier today concerning the water level of lake Nipissing, I should like to say a word. This is a very serious matter, of which I am sure the minister and his officials are well aware. It affects the employment of people who normally would be working in the mill at the present time. It affects perhaps close to 200 people in that category. No doubt it will affect the possible employment later of 300 to 400 people in the woods operations.

I realize that this is a very difficult problem. The desirable level of that lake is 642 feet. I think the department endeavours to maintain 642.2 feet. At the moment I think the water level is 640.69 feet, or that was the level a day or so ago. In view of the answer the minister gave this morning, stating there is little hope of getting water from the upper Sturgeon river or from any of the adjoining areas, I am wondering whether the minister would have his engineers visit the area with a view to having another look at the situation, to see if anything can be done to facilitate the mill operations there to get into production.

I have in mind one thing. I recall that on an earlier occasion I recommended to the

department that they enter into an agreement with the company. I am not suggesting any such course at the moment until we have more facts. The recommendation was that the department enter into an agreement with the company on a 50-50 basis for some dredging in that area which would enable the mill to operate when the water is low. That work was done.

In view of the seriousness of the situation, and particularly because it affects the employment of several hundred people in my district, will the minister instruct his engineers to have another look at the situation to see whether anything can be done to get that mill back into operation?

Mr. Green: We will be glad to have our engineers look over the situation again. The hon. member will realize that the problem really is not one of dredging but of maintaining a minimum flow in the river which runs into the lake.

Mr. Garland: I recognize that additional dredging may not be the answer. I hate to be troubling the minister with those problems; I know that he is anxious to get on with his estimates, but I wonder whether he would care to comment on the progress of the Mattawa dock project?

Mr. Green: The intention of the department is to proceed with the construction of the dock at Mattawa as soon as we can get an appropriate site. We hope that will be in the very near future.

Mr. Garland: I appreciate the minister's remarks, but can he say whether there is any difficulty in acquiring a site? My reason for mentioning the matter is that I recall that during the last election campaign a group of local citizens were called together to have their picture taken. They represented a good cross-section of the community.

Mr. Green: With you?

Mr. Garland: No, not with me. The group represented the municipal, business and cultural life of the community. I recall that the mayor was there as well as members of the chamber of commerce and members of the senior and junior Progressive Conservative associations. The Conservative candidate in the last election was also there. The minister says that the dock will be built if and when a site is located, but the picture to which I have referred was taken on the site that had been decided upon prior to that time. Would the minister comment on whether there is any difficulty in acquiring that site?

Mr. Green: Apparently the difficulties with regard to a site have been overcome. The delay was caused by uncertainty as to what the provincial government was going to do by way of developing a park. The hon. member can assure these distinguished citizens who had their picture taken that the dock will be proceeded with very quickly.

Mr. Garland: I must say that I appreciate that statement very much. My reason for pursuing the matter was that I thought there was some confusion in the minds of the officials of the minister's department as to the location of the dock. It is true that the provincial government is developing a park area further up the river. The dock site recommended and requested originally by the Mattawa chamber of commerce and put forward by me on their behalf to the former administration was in the town of Mattawa. I hope there will be no further confusion and that the dock will be built on the site originally requested by the Mattawa chamber of commerce and other interested citizens.

Mr. Nixon: Would the minister care to comment on the matter of increased harbour and wharfage facilities at Sault Ste. Marie that may be necessary because of the development of the St. Lawrence seaway?

Mr. Green: As the hon. member knows, he brought a delegation from Sault Ste. Marie some months ago to discuss this matter with me. We then sent out an investigating group consisting of representatives from the Department of Transport as well as the Department of Public Works. They had very satisfactory interviews at the Sault and made their report. We have now engaged consulting engineers to prepare the necessary plans for a structure there. In addition, negotiations are under way with Algoma Steel concerning the proposals. The harbour at Sault Ste. Marie is, of course, very important and we are very much concerned to see that adequate steps are taken there to enable the city to participate in the increased business which will follow the completion of the seaway.

Mr. Nixon: Then it is the intention of the minister and the department to proceed with the project in some manner?

Mr. Green: A good deal will depend on the possibility of completing arrangements with Algoma Steel.

Mr. Nixon: But negotiations will continue?

Mr. Green: Oh, yes, we are pressing them. Officials of Algoma Steel were in Ottawa interviewing departmental officials just a few days ago.

Mr. Garland: Would the minister comment on the announced dock project at Cache Bay? While the minister is looking up the material, I might say that this project was

approved early in 1957 and then for some reason was held up during the balance of the year. In January of this year I brought the matter to the attention of the minister's department, and was advised at that time that "in view of subsequent representations received" the project was being held up. I wrote in reply asking what these representations were, and at that time the minister was kind enough to write me a letter saying that the project would be gone ahead with. That was on February 7 of this year. The minister informed me that the dock would be built and that the local municipal council would be so advised. To date nothing has been done there to my knowledge. Can the minister give us some encouragement?

Mr. Green: Apparently the difficulty in this case was that we could not get co-operation from the municipal authorities in the selection of a site for the dock. The project was a marginal one in any event, and in view of the difficulties concerning a site we plan to drop it.

Mr. Garland: If I may pursue the question of the difficulty in locating a site, may I say that the site is there and has been there for 50 years. There was a dock there years ago which gradually fell into a state of disrepair.

Mr. Green: There was difficulty with the municipal officials. Apparently they would not co-operate.

Mr. Garland: Is that the only reason the project has not been proceeded with?

Mr. Green: Under those conditions it was considered not worth while to go ahead with the project. If the hon. member cares to look into the situation again I will be very glad to consider any representations he may make.

Mr. Garland: I thank the minister for that. Is this policy or decision of the minister something new that has developed since his letter to me of February 7? I would remind the minister of that letter, in which he said:

> The matter has been reconsidered in the light of present conditions of seasonal unemployment, and it has now been decided to proceed with this undertaking as soon as possible, possibly before the end of this fiscal year.

Mr. Green: Apparently this difficulty has continued for well over a year. There is a question about the dock site. I have not the details here, but the municipality was supposed to acquire a site for us. They declined to do that. As I said a moment ago, the proposal is a very marginal one in any event. It is questionable whether or not it should be built, even with the co-operation of the municipal authorities.

[Mr. Garland.]

Mr. Garland: That is the only thing that is standing in the way? May I just clear up that point? That is the only thing standing in the way of this dock being built, the failure of the municipality to acquire a site for your department?

Mr. Green: That is the difficulty; but mind you, as I said before it is a very marginal project and would have to be looked at very carefully.

Mr. Garland: I do not want to annoy the minister, but in the light of his letter of February 7, in which he said it has now been decided to proceed with this project as soon as possible, possibly before the end of the fiscal year—

Mr. Green: This site trouble made it impossible to go ahead with the project. There had been discussions, apparently, for over a year about this site.

Mr. Garland: That is really the only thing that is holding it up, the matter of a site?

Mr. Green: I would have to look at it to see whether or not it is a project with which we should proceed. If the hon. member will let me have representations, particularly having to do with this site difficulty, I shall be glad to go into the whole question thoroughly.

Mr. Garland: I find it rather strange to reconcile what the minister is now saying, if I may say so with great respect, with his statement in the letter that it had been decided to proceed. One of the reasons for the decision to proceed was the matter of seasonal unemployment in the area. I could not agree more with that decision, because there were several hundred unemployed people in that general area at the time the minister wrote. It seems to me a firm decision was made at that time to proceed, but now the minister is saying perhaps he might have another look at it. I should like to clarify whether or not this letter means what it says, that the dock would be proceeded with just as soon as possible, and that it is just a matter of having the municipality acquire a site.

Mr. Green: Well, as I have indicated previously when the estimates were under discussion, we brought ahead every work that could be proceeded with having in mind that it would help create employment. This, of course, was one of those works. But then, after this letter was written, apparently we ran into this obstacle of the site which it was thought had been adjusted, but it turned out that was not the case. This was the reason we did not go ahead with the work.

Mr. Nixon: We northern Ontario members are keeping the minister busy. I should like to speak with reference to the Montreal river harbour, which is roughly some 80 miles north of Sault Ste. Marie. For some time difficulty has been experienced in getting in and out of the harbour because of a gravel bar that forms at the mouth of the river. The departmental engineers made a survey this spring, after I had brought to their attention the fact that fishermen could not get in or out of the harbour. This constitutes a real hardship for those who use the harbour, especially when we consider that the nearest harbour on either side of the Montreal river harbour is roughly 25 or 30 miles away; and when we consider also how rough lake Superior can get at times there is real danger for those who use the area for fishing purposes.

The engineers did make a report, and I believe they suggested a plan to correct the situation by some permanent arrangement. I should like to impress upon the minister the urgency of proceeding with that work this year without fail.

Mr. Green: Apparently that work is being done now; the dredging is under way.

Mr. Nixon: I am sorry, but I think that is a temporary arrangement to open the gravel bar that is across the mouth of the river at the present time.

Mr. Green: The work being done now is of an emergency nature, but once that has been completed we are going ahead with the additional work which will be of a permanent nature.

Mr. Nixon: I thank the minister very much for his assurance.

Mr. Fisher: I should like to ask the minister how the liaison works between his department and the Department of Labour with regard to seeing that the fair wage act is being carried out in contracts let to tender. My question arises out of an incident that took place in the Kenora district in connection with the building of a small wharf last year.

Mr. Green: The situation with regard to labour relations is handled entirely by the Department of Labour. In other words they police the contracts let by the public works department in order to see that the regulations having to do with labour are complied with fully. This does not come under our jurisdiction at all.

Mr. Fisher: In the contracts which you let is there a clause which requires the contractor to pay the going rate in that area, and is he aware of this clause?

Mr. Green: Yes, there is a provision that the contractor must comply with regulations established by the department.

Mr. Peters: I should like to mention a dock in my area, the dock at Haileybury. This dock was built many years ago for the very large lake steamers used in the early days of the development of the area. It is an exceptionally large dock, I would say, for these days. Although it was repaired in 1947, it would appear to me that more money was spent on other things than was spent on the dock itself. It is now in very bad shape. There has been some talk of abandoning it, and signs have been erected by the Department of Public Works that they will not be responsible for accidents which occur on the dock. It has reached a state of disrepair where something has to be done.

The town of Haileybury itself has spent a great deal of money improving that particular area of the waterfront. They have put in new parks. They built a small landing platform for small boats separate from this large dock and the breakwater that goes with it, which is made out of rock. The dock has cement abutments and retaining walls and in places these walls have deteriorated and the rock has spilled over into the water. The wooden part of the dock at the end of the approaches was not completely finished when repairs were last carried out, and it would be impossible to dock in some places.

There are still many small boats on this lake, and the lake is swept by a number of steamers of the Upper Ottawa Improvement Company; quite a lot of pulpwood and logs are driven to the mills at Timiskaming and these boats could, and do to some extent, tie up at several of the other government docks. They could also use this dock if it were in a satisfactory condition.

There is a fairly large number of sizeable pleasure boats on the lake which could also use these facilities if they were available, and do to some extent use this dock. However, in its present state of disrepair it is a hazard to the area. I understand the town has made repeated requests for some assistance in this regard. A number of aircraft have flown out of this area in the past, but when the dock got into such a bad state of disrepair they moved to New Liskeard, where they have a small dock.

There is some talk of having a luxury pleasure craft in the near future, so that people can go out during the day, dine and dance in the evening and make a return trip at night. Negotiations are proceeding at the present time in this respect, and if the project is pursued it would mean that the craft would have to go out of Haileybury and these

facilities would be necessary. Such craft would be fairly large in size.

If I have understood the replies of the minister to questions of other hon. members, some of this money to be advanced will be spent on repairs and I think such repairs could be carried out quite cheaply. There has been some talk of entirely abandoning the dock, but I would suggest to the minister that in this particular instance such a course is not feasible because it would be a hazard for all time. Many thousands of tons of rock have been poured into this dock, and to dispose of all that rock so the area would be safe for the operation of any type of boat would cost a great deal more money than to keep the dock in proper condition.

Mention has been made of the lighting facilities on this particular lake, which is quite large. At places it measures 12 to 14 miles across, and it is quite a long lake; people come to the area from 10 to 12 miles away, sometimes at night, and in cases of storms proper lighting would be of great assistance even to those people using the smaller type of boats.

I would like to know if the minister has given further consideration to the representations made over a period of years—probably not only to the minister himself but to his predecessors—with respect to this situation.

Mr. Green: This situation has arisen in many parts of Canada. There are not the same number of steamers now using these waters as was formerly the case. In their place we are getting a very large number of pleasure craft, and we find ourselves with docks in many places which were never designed to meet the conditions which exist today.

In this particular case the department would be willing to demolish the dock, but when that suggestion was made there were objections from local citizens to any such course being followed. It would be fairly expensive, of course, because of the rock and other structures to which the hon. member has referred. We will be very glad to have another look at the situation, but this underlying difficulty does exist and I think there is a need for a gradual change of policy all over the country in order to meet existing conditions.

Mr. Garland: There is one item I would like to raise, although I am not sure under which item it should come. This arises from the fact that the navigable waters act is a sort of joint responsibility between the Department of Public Works and the Department of Transport. My problem is with respect to lake Nipissing and the treacherous shoals which are creating and have created a serious problem. This problem is aggravated this year, of course, by the low water level.

I particularly have in mind the elimination of these shoals. The marking of them would, I recognize, be the responsibility of the Department of Transport, but I am wondering whether, with respect to the elimination aspect, that is the responsibility—since this lake does come under the navigable waters act—of the federal government or of the local authorities.

Mr. Green: The responsibility for keeping navigation open rests upon the Department of Public Works, not under the Navigable Waters Protection Act. That act provides for the granting of licences before any structures can be built which would interfere with navigation on those waters. The question of shoals in navigable channels is the responsibility of the department.

Item agreed to.

Items 607 and 351 agreed to.

352. Alberta and Northwest Territories, $219,000.

Mr. Speakman: Mr. Chairman, I would like to ask the minister about a certain wharf and breakwater upon which I had understood work would be done this year. Unlike the hon. member for Bonavista-Twillingate, although I have many miles of shore line I want only one wharf for all my boats, and that is at Pigeon lake. Although I had understood, as I say, that work would be done on this wharf during the current year, I see no mention of it under the item.

Mr. Green: There is evidently no provision for construction of a dock at Pigeon lake. I will be very glad to have a memo from the hon. member concerning this work, and we will look into the matter.

Item agreed to.

353. British Columbia and Yukon, $2,739,000.

Mr. Hardie: I cannot see anything new, of course, in the estimates this year, but I am wondering, with regard to this estimate, if the minister can tell me whether or not his department will improve the wharf at Yellowknife to enabling the trucking companies which are shipping vans across Great Slave lake to take these vans off the barges? I think a request was made to this effect by the transport and trucking companies of the area, and I am wondering whether the minister is going to do anything about it this year.

Mr. Green: The departmental officials tell me there has been no request for an extension of this wharf. None has come to the department. This may be an error, but that is the situation.

Mr. Hardie: A request was made some time ago to the public works office in Edmonton. The improvement necessary is small; it would not cost a great deal of money, and it would facilitate the work of the trucking companies and the water transport carriers in unloading these vans. I hope the minister may be able to find something in his estimates; a few thousand dollars would do this job this year.

Mr. Green: If the cost of any work of this type is less than $1,500 the job would be done by the Edmonton office direct without our being advised of it, and that may have happened in this particular case.

Mr. Hardie: I am not too sure what the cost would be, but I hope the officials will contact the Edmonton office and find out if they have proceeded on the basis of a project costing less than $1,500, and see what can be done this year.

Mr. Green: We will be very glad to do that.

Mr. Hardie: Another question, Mr. Chairman. Since the speech from the throne indicated that a railroad would be built to the south shore of Great Slave lake, I am wondering if the minister can tell me whether or not the department has made plans for a wharf at Dead Man's island at Pine point.

Mr. Green: We have the answer to this question. There are elaborate plans completed for a wharf at Dead Man's island at Pine point.

Mr. Hardie: In that case there must be an estimate in existence of what the cost of this wharf will be. I wonder if the minister could tell us that?

Mr. Green: There are several phases in the development of this project, and the first one would cost just under $1 million. As the others are added that figure will be increased by several million dollars.

Mr. Hardie: Then, Mr. Chairman, at Hay River, Northwest Territories, which is some 60 miles from the ore deposits at Pine point, we have a natural harbour which has been used for many years. I would suggest to the minister that his department should carry out a proper survey of the harbour at Hay River to estimate the cost of dredging that harbour, or of putting some sort of breakwater out from the mouth of the river which would prevent the drifting of the silt, and compare that with the cost of filling at Dead Man's island in order to reach a conclusion as to where the proposed railroad should, preferably, have its terminus.

The railroad will have to go to Pine point, but with regard to the terminal point of the railroad as far as water transport along the Mackenzie river or across to Yellowknife is concerned, a decision can still be made as to the best terminus for the line if a proper investigation is carried out.

Mr. Green: Evidently a thorough survey was made of the different points that could be used, and it was considered that the Dead Man's island site is the best.

Mr. Hardie: Has the minister any idea, if investigations have been made, of what would be the cost of improving the harbour at Hay River in order to do what it is planned to do now at Dead Man's island?

Mr. Green: I am advised that it would be considerably more, largely because of the necessity of extensive annual dredging.

Mr. Hardie: I can see that, if you had the annual dredging. Before we leave this point, the minister will recall that I suggested putting out some sort of fill, as must be done at Dead Man's island, anyway, to protect any boats that may be docked between the island and the mainland. Could not a fill be put out into Great Slave lake at some point along the river in order to prevent the silt from moving in, thus making dredging unnecessary?

Mr. Green: That has been checked by the engineers and they report it would not be feasible.

Item agreed to.

353. British Columbia and Yukon, $2,739,000.

Mr. Green: I have some answers for the hon. member for Kootenay West in reply to the question he asked on June 6. The first was in regard to dredging between the upper and lower Arrow lakes. This is being continued as in the past. Departmental dredge No. 311 will be carrying out the work this year.

The hon. member also asked about bank protection in the vicinity of Burton, British Columbia. Approval has been given for carrying out repairs to bank protection just below Burton. Materials will be stockpiled during the summer in order that the work may be carried out by day labour during the next low water period.

Then the hon. member asked about the removal of snags on the Arrow lakes. The department will continue to remove snags in the navigation channel on the Arrow lakes as it has done in the past. The fourth question concerned river clearance on the upper

and lower Duncan rivers. Here again the department will carry out clearance of snags from the upper and lower Duncan rivers to enable it to be used for navigation.

The hon. member asked about some old piles in the lake near Howser on which driftwood coming down from the Duncan river catches. This problem has been referred to our officials in British Columbia for attention. He also asked about wharves on the Arrow, Kootenay and Trout lakes. It is the present intention of the department to keep wharves on these lakes in repair.

The hon. gentleman also inquired about a wing dam at Arrowhead, British Columbia. The problem at Arrowhead involves the delta made by the Columbia river where it empties into the upper Arrow lakes. This delta is continuing to build and change, and contrary to local public opinion it is not a simple matter of rebuilding a wing dam which satisfied the conditions of some 50 years ago. Two investigations have been carried out in recent years into this problem, and it is the opinion of departmental engineers that a very large expenditure would be required to alleviate the problem at the Arrowhead wharf. A relocation of the wharf may ultimately be necessary, but for the present there appears to be no reasonable alternative except to remove the sand and debris which the river brings down into the area.

Mr. Herridge: Mr. Chairman, I want to express my appreciation to the minister for dealing with the questions I raised, and I want briefly to speak about one or two other matters. I was interested when he mentioned that there would be consideration of a change of policy with respect to wharves in order to meet changing conditions. I was interested in learning that what is a rapidly changing condition in the Arrow lakes is apparently Canada-wide, an increase in small craft. There have been requests from various places to the department to consider the building of launching ramps for small craft. There are some places where there are no wharves for long distances and where a launching ramp, which I understand would not cost a great deal, would provide great assistance to tourists and people visiting, and assist the economy of the district. I think the minister has heard of an application from the people of Boswell for the building of a ramp there. With respect to ramps I would like to urge consideration of the need for them on the large lakes in a few places, and there must be a similar need across Canada.

My second point is that I would like to know the policy of the department with respect to breakwaters. It is an amazing thing how news travels. People move about more than they used to. A great many of my constituents who are interested in launch clubs and things of that nature have informed me in rather vigorous terms, as usual, that the department has been in the habit of building breakwaters for launch clubs at Kelowna, Penticton and other points on the Okanagan lakes to protect small boats around the edge of the launch clubs from storms. I would like the minister to explain the policy of his department with respect to the building of breakwaters under those circumstances.

The minister referred to dredging. I want to bring to his attention two other reasons for the continuation of dredging in addition to the current need occasioned by the use of tugs and an increasing number of small boats. In fact last year I had 85 craft pass my ranch. The minister knows where I live.

Mr. Green: That is an estate.

Mr. Herridge: That indeed is an overstatement; I should have said my log cabin. We had 85 craft last year come from Grand Coulee, and the number is increasing rapidly. I am told by the commodore of the Seattle yacht club that possibly there will be double that number within the next two years. That shows the necessity for keeping the channels in reasonable shape.

In addition there are two long-term reasons I want to bring to the attention of the minister. When General McNaughton was giving evidence before the external affairs committee with respect to the development of the Columbia river for hydro purpose he mentioned a proposed dam at Murphy creek, and said that because of the great increase in navigation at the present time and the possibility of navigation for the purpose of transporting heavy freight in the future, plans were being made to put locks in any dam that may be built at Murphy creek. Then again he said that in order to provide adequate storage for that dam, while not at the same time causing flooding in the upper Arrow lakes, it would be necessary to do considerably more dredging in the development between the two Arrow lakes in what is generally termed the narrows.

I bring that to the minister's attention because it is a long-term point of view. Owing to the rapid industrial development under the Navigable Waters Protection Act there are naturally increasing applications for the building of dolphins and the erection of piles, and also for the extension of works on the banks of the Columbia river and Kootenay lake. While I realize that certain aspects of those applications come under the jurisdiction of the provincial government, navigation comes under the authority of the federal government; and I hope wherever possible

when these applications are made the department will ensure that one of its investigators visits the site and makes certain of the effect of the proposed work and also consults the organizations representing the local people, because irritations can develop quickly due to the fact that all the circumstances surrounding the applications have not been given sufficient consideration.

In conclusion I wish to advise the minister that I accept the offer extended the other day by his erstwhile parliamentary assistant to be included in the pipe line to the Department of Public Works so I can be notified of what is going to be undertaken under this vote in my constituency during this fiscal year.

Mr. Green: Mr. Chairman, there is not a pipe line, there is a wide open door. The hon. member asked about launching ramps. We are building a launching ramp at Kuskanook at the southern end of Kootenay lake and an investigation is being made by the officials of the department in British Columbia into the proposal that there should be one constructed at Boswell. With regard to breakwaters, this is one of the features of the new policy which is being worked out. In many places they are now being given the fancy name marinas. We are getting more and more requests for marinas.

Mr. Herridge: We are more simple people. We call them breakwaters.

Mr. Green: The hon. member is not as simple as he pretends. Each case has to be treated on its own merits. A marina or breakwater was built at Kelowna some years ago and about the same time one at Penticton, but conditions in each area are so different that it is almost impossible to lay down a general rule. In some cases we get the co-operation of the provincial authorities and the municipal authorities and undertake a joint project. It is very difficult to work out a definite policy that applies everywhere.

With regard to locks in any dam at Murphy creek on the Columbia river, I am grateful to the hon. member for raising that question because I agree wholeheartedly with him that navigation should not be stopped by any works that go in at that particular point on the Columbia.

Then he asked about investigations made where an application is received under the Navigable Waters Protection Act. We try in every case to have an engineer inspect the site in order to see whether the proposal is a proper one. This is the practice in the department, and I am advised that officials are very careful to see that no harm would be done if consent were given. I think that covers the points.

The Deputy Chairman: Shall item 353 carry?

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Cardin: Mr. Chairman, before the item under discussion, having to do with improvements of harbour and river works, carries, can the minister now answer the question I asked him at the last sitting of the committee with respect to whether negotiations between his department and the municipality of Ste. Anne de Sorel concerning the construction of a retaining wall there have been completed?

Mr. Green: I think the hon. member for Skeena had a question to ask on item 353.

Mr. Howard: I have one or two questions to pose under this item. I do not intend to take the minister on a vicarious trip, as the hon. member for Bonavista-Twillingate did the other day, even though I know he would enjoy it very much. I would rather have him come personally to make such a tour. Incidentally, I might add that should the minister desire to travel again along the coast I am sure if he will get in touch with the international woodworkers of America they will be more than pleased to transport him on the loggers' navy. The minister would then be the first and only cabinet minister of the federal government or any provincial government to have the honour of making such a trip.

The minister may recall that I had some correspondence with the department about a study and surveys respecting the possibility of dredging what is known locally as Seven Mile point but is more correctly known as Wiah point on the northern coast of the Queen Charlotte islands. It was my understanding from previous discussions during the last session and correspondence that an engineering survey into the possibilities of dredging at Wiah point was going to be undertaken this year with a revised conception of the nature of the project and a scaling down of the type of work to be done in order to bring down the cost of the dredging. Could the minister give us a resume of what is being planned with regard to that project this year?

Mr. Green: What was the alternative name?

Mr. Howard: It is known locally as Seven Mile point but the correct name is Wiah

point. I see the hon. member for Essex East smiling. This is really quite a serious matter.

Mr. Martin (Essex East): Oh, it is lovely country.

Mr. Green: I will have to get further information from my officials. We have no record of it here at the moment. A question was asked this morning by the hon. member for Wetaskiwin concerning a dock at Pigeon lake. I answered that there was no such project, but we know this centre as Ma-Me-O Beach. There was work done there which was completed on July 1 at a cost of approximately $15,400.

Mr. Speakman: Thank you very much.

Mr. Howard: I did not understand too clearly what the minister said about the contents of the books before him. Did I understand him to say there was no reference there to the particular name I have mentioned? If there is no reference in the details he has before him under that name or another name applying to the same locality, am I correct in guessing that no work is programmed for that particular place this year?

Mr. Green: If the cost is under $15,000 it may be covered in the general vote. We are sending for further information. I do not have any details here at the moment.

Mr. Howard: I would say that the cost would be far more than $15,000. I should like to mention one or two other items coming under this vote that are of great necessity and importance to that northern part of the province. A few years ago a contract was let under the previous government to dredge what is known as Delkatla slough or the slough at New Masset to provide a haven for boats to tie up away from the tide in Masset inlet and protected from the weather. It was a pretty sloppy job that was done in my opinion and the opinion of anybody using these facilities in the Masset area. The result is that the sand and silt dredged out of the slough are silting back in again because of the action of the tide, waves and wind to such an extent that the slough will have to be re-dredged some time in the future.

It was thought if the department were to undertake this project I mentioned earlier at Wiah point, which is not too far distant incidentally from Masset, that in order to save dredging costs the same equipment could be used to re-dredge the slough at Masset. I do not know whether or not there was any discussion or correspondence between this department and the provincial government of British Columbia, probably the department of highways, but in conjunction with this Masset problem there is a possibility of the provincial government having an interest in participating with the federal government's dredging program by building a breakwater where there is presently a bridge which would prevent additional material being brought down from farther up the slough into the area that has been dredged out. As I say, I do not know whether or not there has been any correspondence, but I know this question has been brought to the attention of the provincial government that there should be such a causeway built in place of the bridge.

Mr. Green: There is a project for the grading off of the soil banks at the Delkatla slough. This work is to start early this month and is to cost about $9,000.

Mr. Howard: I would suggest that this will contribute only a little towards overcoming the over-all problem, and that it will not be too many years from now until we will have to come back and re-dredge the whole thing again, because only part of the silting is taking place by material that was pulled out and piled along the sides of the slough. The other part comes as a result of the action of the tide coming out of the slough farther up, past where the basin is dredged, bringing silt with it and depositing it in the hole that has been dredged out. Unless some concrete steps are taken other than the re-dredging, and this should be done in conjunction with the provincial government, such as the building of a causeway to prevent the tide rushing back and forth and drawing silt from farther up the slough, we will have this problem of re-dredging recurring every three or four years.

I hope that the officials of the department will look at this Delkatla slough, in conjunction with the province, with a view to building a causeway or a dam to prevent the silt being drawn down.

Mr. Green: We will be glad to have the situation checked by the engineers in British Columbia.

Mr. Howard: While we are on the problem of Masset, and the minister is becoming more familiar with it as time passes, may I say that I noticed an item in the details concerning Masset, and I imagine it is related to the dock at Masset which has been the subject of correspondence for some months.

Mr. Green: Yes, this amount of $56,000 is to provide for an extension to the wharf and shed and for the renewal of the wharf superstructure. The present freight shed is inadequate to accommodate shipments due to

increasing freight traffic. The angle approach is required to provide parking space and a turn-around on the wing trestle for waiting vehicles. The repairs are essential for the safety of the public since the decking has deteriorated to the point that trucks have broken through in several places. The stringers are in fair condition only. The contract was awarded on May 8 and amounted to $38,557.50. It was awarded to the Pacific Piledriving Company Limited of Victoria, British Columbia.

Mr. Howard: While the minister has that material before him, I wonder if I could mention this question of the safety of pedestrians using the approach out to the end of the dock? A suggestion was put forward by the community association, which incidentally did a great deal of work in making preparatory plans for this work, that provision be made for a walkway for pedestrians that is separated by a guard-rail or fence from the actual driveway of the approach out to the end of the dock. Is there such a provision in the plans?

Mr. Green: We will have to obtain this information from the district office in Vancouver.

Mr. Caron: I see on page 486 of the estimates there is an item for a retaining wall at Vancouver. Could the minister tell me what kind of retaining wall this is?

Mr. Green: For some time, Mr. Chairman, the dominion has been contributing to the construction of a retaining wall around Stanley park in Vancouver which, as the hon. member knows, is on the harbour entrance. The money this year is to be used for a wall near the entrance to False creek, in another part of Vancouver harbour. These are areas in which there is a great deal of navigation. Under those conditions this wall comes under the provisions under which money is advanced for protective walls.

Mr. Caron: If I understand that correctly, the minister is still of the opinion that retaining walls should be paid for by the federal government only when there is navigation, and even if the river is navigable, but not navigated, the federal government does not accept responsibility for such a wall.

Mr. Green: This would come under the qualifications which are set out in item 355.

Mr. Caron: What are those qualifications? I want this to be clarified once and for all. What are the qualifications which make these retaining walls subject to federal jurisdiction instead of provincial jurisdiction?

Mr. Green: This is contained in the description of item 355 which reads:

> —where damages are caused by, or endanger, navigation or federal government structures and to complete protection works already under way.

Mr. Caron: Was this always the opinion of the department in the past, that the department was responsible only in those cases?

Mr. Green: This policy was adopted in the year 1954, of course under my predecessor as minister of public works.

Mr. Caron: I was fairly sure of that, but I wanted to have the minister's statement. I know that under those conditions we very often have a difference of opinion between the provincial and federal governments. For years I have been asking both the present minister and his predecessor in office whether if there is any conflict under the constitution of this country with respect to the responsibility in this matter, it could be referred to the supreme court so that we will have a decision once and for all as to whom we should look for action. As it is we do not know; we go to Quebec and we are told that since it is a question of navigable waters under the constitution of Canada it is the responsibility of the federal government. I am not a lawyer but I am told by lawyers that there have been cases in which it has been decided by the supreme court that even if only a few logs come down a river then according to the principles of law, it is a question of navigable waters. The minister apparently accepts the view of his predecessor and we are not at all sure as to who is the responsible authority.

All we want to know is to whom we should look and so far the minister has refused to submit this matter to the supreme court for a final decision. Would the minister inform the house if he is now willing to accept the responsibility—and there is not a heavy cost involved—of submitting the whole question to the supreme court after, of course, having given notice to the interested provincial governments.

Mr. Green: If the hon. member would look at this description again he will find it concerns damages caused by navigation. It is not a question of damages in navigable waters but damages caused by navigation. This is a policy which must be interpreted by the Department of Public Works; it is not a matter of legal jurisdiction at all. We are only responsible where there are damages caused by navigation or by federal structures and for that reason there would be no justification for an application to the Supreme Court of Canada. It is a matter of administrative decision here in Ottawa.

I am very sympathetic with respect to the hon. member's problem but I would point out to him that if we had to build walls along all the waterways which are navigable in this country our situation would be utterly fantastic, and I do not think any reasonable person would expect a dominion government to undertake obligations of this kind. There is plenty of work to be done where navigation actually causes damage and where there is a necessity for protection walls, but no federal government—no matter which party happens to form it—would, I think, adopt any policy other than the one followed by my hon. friend's own party when in office, which is the one now being followed by the present government.

Mr. Caron: There were two parts to the answer of the minister; firstly, it is up to the department to decide what is to be done. This is an interpretation which probably was given to the previous minister and the present minister by some legal officers, but so far it has not been made clear. If the interpretation of the previous and present ministers is in accordance with the responsibilities lying upon the federal government by virtue of the British North America Act—and true, the Quebec legal officers may not be as competent in this matter as the federal legal officers, but I do not wish to discuss that particular matter—and if it is believed that it is not a federal responsibility, then it is only a legal opinion.

That is what we wish to clarify, and I believe it would be to the advantage of the federal government if the supreme court decides that the opinion now held by the present minister and the opinion which was held by the previous minister is correct. It would settle the matter once and for all. If, on the other hand, they decide it is the responsibility of the federal government all we could do would be to continue with the policy which has been followed by both the Conservative and Liberal governments. The government has always helped to build protection walls, not only along the Ottawa river but the Chaudiere and other rivers. They have not tried to do it all at once; they would spend $5,000 in a certain spot during one year and $5,000 in another spot the next year. As time went on these walls were getting built and they were really protecting the property of people who could not help the water eating up their lands.

On this account I believe it is just a matter of an interpretation—

The Chairman: I am sorry to interrupt the hon. member, but I do believe the debate is trailing away from item 353.

[Mr. Green.]

Mr. Caron: I am speaking of retaining walls.

The Chairman: Yes, but we are now discussing an item which concerns public works in British Columbia. It is not really a debate on retaining walls all over the country. I regret to state that I believe the hon. member is out of order.

Mr. Caron: I regret to have to discuss this matter but I have asked about it time and time again. It is the general principle which we are discussing. I am not speaking of retaining walls in Hull or in Ottawa or anywhere else, but of the principle, and the only thing I wish to know is whether the minister, once and for all, will see if the interpretation of the federal government is accepted or if it is not, so that everybody can be satisfied. If it is decided that the federal government is not responsible we will go to Quebec, but if it is not decided one way or the other, where are we to go?

Mr. Green: In this case we are very happy to follow the precedent set by the Hon. Mr. Winters. We are simply not assuming any responsibility beyond the description set out in item 355.

The hon. member for Skeena asked about Wiah point. This is a very large project and it is necessary for the department to undertake boring surveys before deciding whether or not to go ahead. These boring surveys will cost about $16,000 and they will be going ahead.

Mr. Howard: Did the minister say they will be going ahead this year?

Mr. Green: Yes.

Mr. Howard: And $16,000 is the expected cost?

Mr. Green: This is the amount for the engineering studies.

Mr. Caron: The minister just told me that he was following a precedent created by the previous minister; I admit that, but at the time I also protested. I have asked the same thing for years and I will keep on asking the same thing as long as I live. I want to have a clarification, and I do not see why the minister refuses to give us a clarification so that we know where to strike when we want something.

Mr. Grafftey: Could I answer the hon. member and say that he knows very well that the administration by his own party—

Mr. Hardie: Since when were you appointed minister of public works—sit down!

Mr. Grafftey: I am going to answer this question once and for all, Mr. Chairman. He knows very well that his own party changed the policy of the department in the 1950's—

Some hon. Members: Order.

The Chairman: Order.

Mr. Grafftey: The hon. member is persisting in a question the answer to which he himself knows very well.

The Chairman: I am sorry to interrupt the hon. member, but this is not the time to start a debate on any question other than that raised by item 353. I believe the hon. member for Hull should have discussed the matter which he is discussing on item 1, but not on this particular item No. 353 which is the subject of the present debate.

Mr. Caron: This is not a general principle. It is included in 353.

An hon. Member: Sit down.

Mr. Caron: Why should I sit down. I have been elected as well as you. I want to have an answer on this from the minister and if he does not believe in the supreme court to decide something he should not be a lawyer.

Mr. Green: I am very sorry, and I appreciate the problem of the hon. member, but we cannot refer this question to the Supreme Court of Canada. We are following the policy adopted by the former government because we feel it is the correct policy.

Mr. Caron: If it was wrong in the past, it is wrong today. That is what I want to know—who is right and who is wrong?

Mr. Howard: The Minister of Public Works does not want to follow that theme too far of saying that whatever the previous administration did is good enough for him, or people will begin to realize there is not much difference between the two parties.

Seriously, there is an item here which relates to the total cost of the demolition of Ripple Rock, and while I do not think it is too wise on these occasions to go too far outside the boundaries of the constituency one represents, this has been a matter of concern to fishermen and to voyagers along the coast of British Columbia for many years. I wonder if the minister can indicate to the committee whether the blast which removed the peak of Ripple Rock could be called a Liberal blast or a Conservative blast, by which I mean, was it successful or unsuccessful; or is it too early to know?

Mr. Green: I am trying very hard to keep out of politics. All I can say about the Ripple Rock blast is that it has been an outstanding success. A survey was made an hour or two after the blast, and it indicated that so much rock had been blasted away by the explosion that at least 47 feet depth of passage had been created between the top of the rock and low water level. Subsequent investigations showed that the larger rock had been cut down to 68 feet below low water level and that the smaller rock had been cut down to 47 feet at least, and probably a little more.

A survey of the currents through the narrows, which have been changed, of course, by the blast, is still not complete, but in so far as the removal of the obstacle itself is concerned, the project has been an outstanding success.

Mr. Howard: There is a further suggestion I should like to draw to the attention of the minister at this time regarding Seymour Narrows where Ripple Rock used to be. This question has been in the minds of a good number of skippers of ships who have been travelling up and down the inland passage for many years, many of them old-timers who know the coast as well as they know the palms of their hands. They have always felt that Ripple Rock itself was not the danger, but that the danger arose from the turbulence of the currents because of the fact that Ripple Rock was there. Small vessels became caught in these tide swirls and pushed into the shore, and so on. Another difficulty which was encountered many times by steamers and big boats travelling through the Seymour Narrows is this: they discovered that the area for manoeuver, especially in a running tide, was very limited. Running with the tide made things even more difficult. There is a blind corner as you get past the rock southbound, a blind turn in the narrows, and on many occasions they met smaller craft coming up, and the situation was made even more dangerous by the limited area in which they were able to manoeuver, and because of the current.

It has been suggested to me by these skippers—I do not know whether they have made representations through their organization to the department—that some dredging should be undertaken, say, at Maud island—I am not sure of the name—just to the east of Seymour Narrows where there is a gut which over the years has become filled with silt and mud. The suggestion is that this channel should be dredged clean so that it will provide a channel for smaller craft moving up and down the narrows in order that they should not become obstacles to the steamers, freighters and rafts which go up and down there. Such a channel would be an additional safety factor in this particular place.

Mr. Green: As the hon. member knows, I had the privilege of witnessing the blast. There was a very distinct difference between the white water as the tide went north over the rock before the blast and the comparatively smooth water visible a few minutes after the blast.

Of course, the narrows will always be dangerous because they are so narrow, and the currents and tides will always be there. It will take some time to work out the best method of navigating this channel now that the rock has been removed; it would appear that the best course now is right over the rock.

The other suggestion which the hon. member has made is being given consideration, but we are not yet in a position to say whether some such channel would help or not.

Mr. Howard: I have one other thought or question; a general question, Mr. Chairman. I would imagine that over the years the files of the Department of Public Works which relate to harbours, rivers and dredging have accumulated many suggestions and requests for changes, a great many of which have come from the north coast of British Columbia. Many of these suggestions have not been proceeded with; no action has been taken for one reason or another, and I wonder whether the minister can tell the committee what the general policy of the department is with regard to reviewing these suggestions and requests so that consideration may be given periodically to suggestions which have accumulated over the years, with the object of taking action on them.

Mr. Green: Whenever a proposal is made it is investigated by the engineers. These proposals are reviewed periodically; in many cases yearly, in other cases every two years.

Mr. Regier: Mr. Chairman, I was very pleased to hear the minister's most recent statement that these accumulated proposals are reviewed from time to time, some of them annually, I understood, and others a little less frequently. I am somewhat surprised that of the $2,739,000 to be voted under this item only $1,031,500 is being devoted to the immediate area of the lower mainland of our province. In the light of the heavy unemployment in that district and the minister's own intimate knowledge of it and because of the not unconsiderable interest he has expressed over the years in harbour problems in the lower mainland I had really expected that this year we would have seen a considerable improvement in that respect. I am particularly disappointed that certain areas in the lower mainland which to me at least seem highly important have been omitted entirely. I see that the sum of $836,500 is being spent on the Fraser river and an expenditure is being made inside the city of Vancouver for retaining walls in the False creek area.

There have been a number of long-standing requests with the department under the minister's jurisdiction and I was hoping that when late last year he realized our unemployment situation would worsen he would have asked the department to review these old requests. I am not the first member from this area to mention them on the floor of this house.

I do not know whether the minister has been informed that there is a long-standing conflict of jurisdiction concerning the cleaning out of the mouth of the Coquitlam river. At about the time of the first world war the minister's department assumed responsibility because at that time it was a navigable river. The minister knows that the area has now become largely urban and the river is no longer used to any degree for industrial navigation. The mouth of the river has silted so heavily that the level of the river at the mouth has been raised and almost every spring we have a flooding of the city of Port Coquitlam. The city fathers almost every year have made representations to the minister's department as well as to the government of British Columbia and one government shrugs its shoulders and says it is the responbility of the other government.

If my memory serves me correctly the federal authorities argue that since the river is no longer used for navigation their responsibility has ended and that since it is a matter of flood control it is definitely a task falling under the jurisdiction of the provincial government. I wish the minister would undertake some negotiations with the government of British Columbia to see if an arrangement can be arrived at and perhaps the municipal authorities could be invited to participate. As it is, the city fathers feel they do not have the resources to pay the entire cost of this very necessary project.

These floods have caused considerable hardship to the residents of the area and have cost a considerable sum of money even since 1953 when I was first elected to this house and eventually a solution will have to be found. If a three-level conference were called on this subject some arrangement might be arrived at. It is not an uneconomic undertaking and it would be extremely beneficial for the taxpayers.

In its latest submission to Ottawa the city council has recommended that the silt be

used for the establishment of industrial acreage which could possibly mean that the money expanded would be recovered in that way. However, because of the conflict of authority, year after year goes by, nothing is done, and every spring flooding occurs. Local merchants are finding their business establishments invaded by water. I have particularly in mind a large furniture store which was flooded with 18 inches of water only a few years ago involving a great loss to the owner.

I also notice no provision in this section for any expenditures in Burrard inlet.

Mr. Green: That comes under the national harbours board.

Mr. Regier: I am sorry, Mr. Chairman. In that event perhaps most of my remarks will have to be saved until we reach the estimates of the Department of Transport.

I make the following comment at this time because there are many new hon. members in the house and I still consider myself a new member. Many of us are never sure where the jurisdiction of the Minister of Public Works ends and where that of the Minister of Transport begins in regard to these matters. In my years here we have never had an explanation of the relative responsibilities of the two ministers. This affects me particularly when the house is not in session and when I am approached and undertake to write a letter on behalf of a constituent. More often than not I send the letter to the wrong minister and I find he has to refer it to the other minister. I believe that the minister would do all hon. members a good turn if he would on some occasion explain exactly what comes within his department and what falls within the purview of the Department of Transport.

Mr. Green: I have looked into the question of the Coquitlam river very carefully. There the situation is very much like that faced by the hon. member for Hull. There is a similarity between the two problems. The hon. member for Burnaby-Coquitlam will have heard my answer to the other hon. member. This damage could not be considered as having been caused by navigation and therefore the federal government has no responsibility whatever.

Mr. Regier: We are not asking for the luxury of retaining walls.

Mr. Green: I cannot say no to the one hon. member, and yes to the other.

Mr. Cardin: Mr. Chairman, before we proceed to the next item will the minister now answer the question I asked a moment ago concerning whether or not negotiations between his department and the municipality of Ste. Anne de Sorel have been completed with regard to the construction of a retaining wall in that area?

Mr. Green: This really does not come under the item we are discussing; it comes under item 355. We are very hopeful that it will be possible to reach agreement. The question is now before the treasury board.

Mr. Regier: I notice that this item covers "Gibson's Landing, harbour improvements; Prince Rupert (Fairview bay), harbour improvements; Prince Rupert (Sourdough bay), departmental wharf". What phase of this work comes under the minister's jurisdiction and what phase comes under the departments of other ministers?

Mr. Green: The jurisdiction over Burrard inlet rests with the national harbours board. As the hon. member knows, there are seven or eight national harbours, of which Vancouver is one, and they are all under the jurisdiction of the Department of Transport. The hon. member mentioned that a small amount of money was being spent in the lower mainland of British Columbia but I point out to him that a very big pier is being built in Vancouver harbour by the national harbours board, the vote for which is not in public works at all. This money is being provided by the national harbours board so that it is not accurate to look at these public works estimates and deduce from what appears in them that the lower mainland is not getting its fair share of public works. There are many other public works as well, for example, additions to the Shaughnessy hospital. That money is provided by the Department of Veterans Affairs and I think the amount is something like $4 million. Therefore, you cannot just pick out the estimates of one department and reach any accurate conclusion without checking the estimates of other departments.

Mr. Regier: I wish to thank the minister for his explanation. I take it, then, that anything affecting the New Westminster harbour is in the estimates now before us?

Mr. Green: The New Westminster harbour commission is set up as a separate commission; it is not under the national harbours board and we do spend very large sums of money dredging the Fraser river. I would imagine that that is the main expense in connection with the New Westminster harbour.

Mr. Regier: Is the New Westminster harbour under the jurisdiction of the minister?

Mr. Green: The New Westminster harbour commission is also under the Department

of Transport, just as the new lakehead harbour commission will be under that department.

Mr. Howard: My colleague made reference to Fairview bay. I think I know what it is all about. Has this to do with the electrical outlets, or has it to do with something else? I refer to "Prince Rupert (Fairview bay), harbour improvements".

Mr. Green: Prince Rupert, Fairview bay; these additional facilities are required to relieve congestion of vessels in the Prince Rupert area, or in particular at Cow bay. No further expansion of Cow bay floats can be made since the present arrangement offers the maximum accommodation at the foreshore that is available. Tenders for this project were received yesterday, so that the contract will be awarded within the next few days.

Mr. Howard: Does this provision of electrical outlets for Fairview floats have any reference to this item?

Mr. Green: No, that would come under the miscellaneous votes.

Mr. Howard: Less than $15,000?

Mr. Green: Yes.

Mr. Howard: As the minister may know, some difficulty or perhaps misunderstanding arose between the Prince Rupert fishermen's co-operative association and myself on the department's attitude or intentions. It was thought originally that when the authorization was given by the department to proceed with the provision of electrical outlets at the Fairview bay floats that it would all be done at one time but subsequently it was discovered that only one section would be done and another section left without electrical outlets. May I have some clarification of that?

Mr. Green: Apparently, we are doing what we were requested to do in this instance by the Department of Fisheries.

Mr. Howard: The Department of Fisheries requested that you do only half of what is required?

Mr. Green: We will investigate this situation.

Mr. Howard: I am sure the minister will see the difficulties which could arise if these electrical outlets are only half installed. Incidentally, as the minister knows, the city of Prince Rupert and the co-operative have put a co-operative effort into this. The minister can understand the difficulty that would arise if only one-half of the area is made available. There will be congestion and all sorts of difficulties there unless the work is done throughout the whole of the floats.

Item agreed to.

Harbours and rivers—
Engineering services—
Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

608. British Columbia and Yukon, $964,500.

Mr. Howard: Mr. Chairman, I am sorry for the delay but I was trying to find the proper page. Since I have been looking for the proper page, I wonder whether I can mention this? I raised this question before another committee, and I am sure it will get to the proper authority, but I do not think it will hurt to make the suggestion to the Minister of Public Works. In the front part of the main estimates book are listed the items with which we deal in committee. When we get into details, at which we spend most of our time, we find that there is no reference to the number of the vote. I wonder whether if in future years the minister can undertake to recommend that we number the vote in the back section of the book also?

Mr. Green: I am very glad to have the hon. member raise this point. We have been trying for some considerable time to persuade the Department of Finance that this suggestion should be adopted and perhaps the little assistance given to us today will bring about the result.

Mr. Howard: If you would like to hire any of us from this group as assistant negotiators we would be more than pleased to act.

Item agreed to.

354. Construction or acquisition of buildings, works, land and equipment, $200,000.

Mr. White: Before this item carries I should like to ask a question. It is possible that I may be out of order. I want to know whether it applies to the acquisition of land at London, Ontario, for a postal terminal?

Mr. Green: No, this vote does not cover that.

Item agreed to.

355. To provide for remedial works where damages are caused by, or endanger, navigation or federal government structures and to complete protection works already under way, $800,000.

Mr. Martin (Essex East): What progress has the department been able to make in respect

of the negotiations being carried on with the province of Ontario with regard to the low water levels at Puce? The minister and his officers have been looking into this matter to try to relieve a situation affecting a number of people who live in and about Puce just off lake St. Clair. The department took the position that if anything was done by the federal government there would have to be collaboration with the province of Ontario. The minister's officers have been quite diligent in this matter but they have not yet been able to report on the progress of the negotiations with the province of Ontario. I would be very grateful if the minister would give a report on the matter.

Mr. Green: We are trying very hard to reach an agreement with the province of Ontario. Last week one of our officials was in touch with officials of that government but as yet we have not succeeded.

Mr. Martin (Essex East): I know the minister will make a special effort.

Item agreed to.

Dredging—

357. Maintenance and operation of plant and contract and day labour works, $3,465,000.

Mr. Batten: In the details of this item on page 489 I see that there is an amount of approximately $340,000 for Newfoundland. Would the minister give me a break-down of the sums making up that total?

Mr. Green: The amount of $340,367 is to operate all the dredges in Newfoundland. It is for the operation of the dredges and includes a considerable amount of actual dredging. I have here the details showing exactly where work is to be done and the amount of material that is to be dredged which I would be very glad to show the hon. member.

Mr. Tucker: How many dredges are operating in Newfoundland?

Mr. Green: There are three dredges operating in Newfoundland. Two are being operated by the department and one is rented.

Item agreed to.

358. Construction or acquisition of plant and equipment, $900,000.

Mr. Batten: Maybe when the minister gives me the information on item 357 he will also give me the same information for item 358 concerning the total of $110,000 on page 490.

Mr. Green: This is to provide new drilling equipment for drill boat No. 401. The total estimated cost is $47,500. In the last fiscal year $37,500 was spent so the balance remaining is $10,000. The present scow is in such a state of disrepair that the steamship inspection service has declared it unfit for further repairs and a replacement in the form of a 200 cubic yard steel scow equipped with four pockets 88 feet long and 27 feet wide is required. The total estimated cost is $100,000.

Mr. Batten: I do not want to take up the minister's time but I wish to mention three places where I think some dredging should be considered. I could give the minister a description of the three places but maybe I could do that in another form later. I should like to bring to his attention three places on the west coast of Newfoundland. The first is Parson's pond which requires not only some dredging but some public works such as a breakwater and crib work. Dredging is also needed at Crabbes river and also dredging of the Grand Codroy river. I would ask the minister to give consideration to dredging at these three points.

Mr. Green: We will be very glad to look into them.

Mr. Tucker: I too should like the minister to take into consideration dredging at two small settlements in Conception bay. As a matter of fact, I believe it was only yesterday that I wrote the minister in connection with Harbour Grace South. The other place is Cupids in Conception bay and I shall write the minister in a day or two. I should like him to take into consideration the dredging of these two small harbours.

Mr. Green: Whenever any requests of that type come in they are given very careful examination by the officials of the department.

Item agreed to.

359. Maintenance and operation of graving docks, locks and dams, $1,050,000.

Mr. Howard: I should like to inquire what the letter "S" opposite drydock subsidies means. Is that a statutory vote?

Mr. Green: Yes, that is a statutory item.

Mr. Howard: Is it listed under or in conjunction with a numerical vote? For instance, is it part of item 359?

Mr. Green: No, this is not an appropriation and accordingly it has no vote number.

Mr. Howard: Then at what stage of the committee proceedings can we make reference to it?

Mr. Green: The hon. member can talk about it now.

Mr. Howard: Is it under 359? I am asking for future reference. What is the purpose of the amount? What does it subsidize? I

realize it is drydocks but is it any particular phase of their operation such as maintenance, construction, losses in ship building or something else?

Mr. Green: The purpose of this fund is to help maintain essential drydocks. There are two covered by it, the Burrard drydock in North Vancouver, which is getting $81,155, and the Saint John drydock, in Saint John, New Brunswick, which is getting $49,041. The reason for the decrease in the requirements for 1958-59 is that two of the series payments in connection with the subsidy, one on the Burrard drydock, ceased on April 1, 1958, and the second on the Saint John drydock ceased on January 1, 1958.

Mr. Howard: What formula is used for arriving at the amount of the subsidy? What is it supposed to cover?

Mr. Green: These subsidies were provided, in the case of the Burrard drydock, as far back as 1925, and they run for a period of 35 years. The amounts were set at that time. The Saint John drydock subsidy was provided in 1924, and was also for 35 years.

Item agreed to.

360. Canada's share of the cost of international and interprovincial bridges, as detailed in the estimates, $500,000.

Mr. Regier: Perhaps I should ask this question under item 362 and the minister might advise me if that is so. However, it will only take a moment. Could the minister bring the house up to date on the situation with regard to the Oak street bridge or the only bridge connecting Sea island and Lulu island? Has a settlement ever been arrived at with the government of British Columbia, and if so what was it?

Mr. Green: There was a payment provided in last year's estimates of $400,000 which was to be applied to the cost of the bridge over the Moray channel, and that has been paid to the provincial government.

Mr. Regier: It has been paid?

Mr. Green: Yes.

Item agreed to.

362. Perley bridge, between Hawkesbury, Ontario and Grenville, Quebec—improvements, $55,000.

Mr. Caron: Can the minister tell me if the Perley bridge was built solely by the federal government or did three governments share in the cost?

Mr. Green: This bridge was built by the three governments jointly, the dominion, Quebec and Ontario.

Mr. Caron: There is another bridge that is badly needed, and that is a replacement for the present Alexandra bridge which is too narrow for today's traffic conditions. As the present minister has said many times, the federal government would be prepared to accept its share of responsibility. The provincial government of Ontario is also prepared to accept its share. However, we have never had any response from Quebec on this matter.

I should like to ask the minister today if he would take the lead in this matter, which is important in the development of the national capital, and try to convince Mr. Duplessis that this bridge is needed. The answer we have always received has been that if Ottawa wants a bridge, they can build it. I would not be offended if Ottawa were to accept responsibility for the whole of the cost. However, if Ottawa wants to continue the custom of sharing the costs with the provinces, I should like the minister to take the lead in attempting to convince Quebec to accept its share of the responsibility, just as Ontario and the federal government have accepted their share.

Mr. Green: Mr. Chairman, we deal with the provincial governments on these matters as equals, and we are not in a position to tell them what they must do. The developments with respect to the proposed new interprovincial bridge between Ottawa and Hull are as follows: In December, 1955, an interprovincial bridge committee was set up on which were represented the province of Ontario, the cities of Ottawa and Hull, the federal district commission, and the federal Department of Public Works. The province of Quebec was invited to be represented, but did not send a delegate to any of the meetings. A proposal was prepared and reviewed by the committee for a new bridge crossing the Ottawa river downstream from the present Alexandra bridge. A preliminary estimate of the cost was $10 million, which included the cost of the approaches as well as the bridge. Subsequent to this letters were sent to the premiers of Ontario and Quebec stating that the federal government would be prepared to build the bridge and pay one-third of the cost, if each of the provinces would also contribute one-third. The position taken at that time was it would be a matter for the provinces to determine how their one-third share should be distributed between the provincial and municipal governments. There has been no further action taken with the provinces.

Mr. Caron: I well remember what the minister has read. At the time, the lead was taken by the then minister of public works in Ottawa to attempt to convince the others to accept a share of the responsibility. At the time the views of the two ministers, the

federal and Quebec, were quite different. I believe that the present minister would be more at ease in dealing with the Quebec government than was the former administration.

Mr. Green: The hon. member for Hull should not be too optimistic about that.

Mr. Caron: Would the minister accept the responsibility of trying to communicate—I do not know if he would succeed—with the Quebec government to see what could be done? If we cannot reach an understanding, I think the bridge is so badly needed we would have to ask the federal government to take the lead in building it.

Item agreed to.

363. Towards an investigation to determine the feasibility of constructing a proposed causeway across Northumberland strait, including the opening of a test quarry, $200,000.

Mr. Regier: Have any estimates been made at all of what such a causeway might cost? Can the minister also supply us with the mileage involved? What would the length of the causeway be?

Mr. Green: The causeway would be approximately nine miles in length. Estimates of the cost are, of necessity, very general at the moment, but they are between $50 million and $60 million. As the hon. member will have noticed, there is $200,000 in the main estimates and $160,000 in the supplementary estimates for a feasibility study. As a result of interdepartmental discussions it was decided that the Department of Mines and Technical Surveys would undertake the tidal and land use studies. It was estimated that their work on this project would cost $100,000 and provision for such an amount was not made in their estimates as it was decided to consolidate the supply of the moneys under the Department of Public Works. To this end an item of $100,000 was placed in the supplementary estimates and some revision of the preliminary estimates was also made with respect to general engineering costs. The breakdown of the estimated total cost of $360,000 is as follows:

Consulting engineers fees	$174,500
Equipment rentals for field work	55,500
Test quarry operations (testing for stone)	30,000
Detailed studies by the Department of Mines and Technical Surveys	100,000

I believe the two engineering firms who have been engaged to do this work of a general engineering investigation are now actually on the job.

Mr. Regier: May I ask the minister if the engineers of his department originally estimated that this survey as well as the opening of a test quarry would cost $200,000, or was a private firm of engineers engaged to prepare an estimate of what the cost would be?

Mr. Green: No, all the estimates were made by officials of the department.

Mr. Regier: I do not quite appreciate how the same officials would, only a few months apart, add another $160,000?

Mr. Green: I left out a paragraph of my instructions which would perhaps explain the situation. At the time the main estimates were prepared which, of course, was very many months ago, a very preliminary figure was available. The amount of work which could be undertaken by the various government departments had not yet been definitely established, and neither had the total scope of the work to be undertaken by consultants. We then found out just exactly what had to be done and it became apparent that more money would be involved.

Mr. Regier: Is it the estimate of the department that this would be the complete cost of the survey or is the survey looked upon as one which will be extended over a number of years?

Mr. Green: No, Mr. Chairman, we are expecting the survey to be completed by April of next year.

Mr. Green: No, Mr. Chairman, we are expecting the survey to be completed by April of next year.

Mr. Regier: I wish to thank the minister for that information, and I would like to ask him whether he or his department have given any consideration to the building of a causeway to connect Vancouver island with the mainland of British Columbia? I am not saying that I am prepared to recommend this at the moment but, in the light of recent events in that area, I would like to know whether any consideration has been given to this matter or whether a rough estimate has been made of the cost. I am asking this in all seriousness because if in an area which is not very heavily populated we can build a nine-mile long causeway, or we can even begin to consider that type of causeway, surely for the area connecting Vancouver island with the mainland of Canada we might be prepared to consider finding out whether such a causeway is feasible and how much it might cost. There are many places where the island is less than nine miles away from the mainland, as the minister well knows.

Mr. Green: The department has made no attempt to carry out such a study, Mr. Chairman, but one never knows in these days what is going to come up next. The first thing we know, the hon. member will be having us conduct a survey for a causeway across to the United Kingdom.

Mr. Pickersgill: Perhaps before the minister does that he might give consideration to the matter of the straits of Belle Isle. It is not very far across those straits and it might change the whole climate of the gulf and make the north shore ports all year-around ports if such an undertaking were to be considered for that area.

I would, however, like to ask a question with respect to the Prince Edward Island causeway which, after all, is the item under consideration. Could the minister tell us when these departmental studies first began and how far they have progressed.

Mr. Green: The preliminary studies began about two years ago and, as I have said, we are now at the stage where the consulting engineers have actually been engaged to make the detailed surveys.

I am rather surprised that the hon. member wishes to make any change in Newfoundland, because I thought he was very happy with it as it is.

Mr. Pickersgill: There are certain aspects of it with which I am very happy.

Mr. Green: And after the big shelf of public works he gave me for Bonavista-Twillingate I presume he would want to have them completed before we do something about the straits of Belle Isle.

Mr. Pickersgill: The minister is right about that. In respect of the causeway in Prince Edward Island, however, has the minister yet found suitable materials? As far as I understand it, this is one of the big difficulties.

Mr. Green: We have found good stone for the core and part of the work of investigation now being carried on is to ascertain whether good stone is available for the outside works.

Mr. Pickersgill: It is quite a problem, as I understand it.

Mr. Regier: I can assure the minister that he need not look for suitable materials because we have lots which would be suitable for causeways. I do not wish to oppose a vote of this kind, but I am very, very surprised indeed that the government is considering the building of a nine-mile long causeway and the spending of almost half a million dollars to investigate the feasibility of this causeway for the use of 100,000 people. In Burnaby alone we have over 100,000 people and we cannot even get a post office out of the government. However, that is beside the point.

There are four members in this house from Vancouver island and I think they should be entitled to the same consideration as the four members from Prince Edward Island. As the minister has said, the department has never given serious consideration to the causeway I have suggested but in all seriousness I would like to propose to him the engaging of one engineer for the period of one year for the purpose of doing some preliminary investigating as to the feasibility of such a project. It would not cost more than $15,000 or $20,000 and he might whisper some advice into the ear of the minister a year hence. We all know there is another election coming up four or five years from now which might be a suitable time for the minister to be well advised on the possible cost so that he could go forth at that time with a great announcement that one of the greatest engineering works in the history of Canada was about to be undertaken and Vancouver island would at last become part of the Dominion of Canada.

I hope the minister will seriously consider at least having one of his engineers spend some time on this proposition. It is not something new; it has been talked about ever since the danger of Ripple Rock became known to the people of British Columbia, and if the 100,000 people of Prince Edward Island are worthy of an investigation costing $360,000 surely the people of Vancouver island are worthy of the services of one engineer for a period of one year.

Item agreed to.

Trans-Canada highway—

366. To provide for construction through national parks, $12,500,000.

Mr. Howard: Mr. Chairman, I am still not sure, when we come to these statutory items, whether to proceed while we are still considering the numerical vote or to wait until it passes.

I have a number of comments to make regarding the construction of the trans-Canada highway, more particularly on the lines of the suggestion which has been made from many quarters about starting a so-called second trans-Canada highway or the building of an east-west interprovincial highway in the north-central part of Canada. It seems to me that traditionally there is a continuing conflict of interest between people living in urban areas and those living in rural areas, and we notice it especially when it comes to highways, roads, bridges and ferries. The interest of the great majority of the people here in Canada, of those who live in a path approximately a hundred miles north of the United States border, seems to have been given far more consideration in relation to that given to the needs of those living north of this belt than appears to be expedient, and

as a consequence the outlying areas, the rural areas, the parts of the nation which are in the northern three-quarters of Canada, those areas in which the Minister of Northern Affairs and National Resources is interested through his resources program, those areas which were brought into the limelight by the Conservative party during the recent campaign, those areas which are apparently the subject of this vision that was—

The Chairman: I regret to interrupt the hon. member, but we are discussing at present estimate No. 366, which reads as follows:

Trans-Canada Highway—to provide for construction through national parks, $12,500,000.

I believe the hon. member is actually discussing a statutory estimate. He should confine his remarks to this particular estimate, No. 366.

Mr. Green: I think, Mr. Chairman, that the hon. member would be at liberty to discuss the statutory item as well as item 366.

Mr. Howard: If that is permissible, I should like to proceed. These areas in the northern part of the province have up until now been left out in the cold. They have not been given due consideration with regard to programs of road construction, and I sincerely hope, with all due respect to the hon. gentlemen seated on the treasury benches opposite, that they will undertake to give effect to their vision of the north to a greater extent than has been indicated up to the present time by entering into an arrangement for joint financial participation in building an additional east-west highway across the north-central portion of at least the four western provinces.

The application of such a program to the larger provinces in Canada and to the maritimes is a question I should not care to enter upon at this time because I am not too familiar with the geography of those provinces, but as far as the four western provinces are concerned, the building of a second trans-Canada highway is long overdue. I say this although I know that the first trans-Canada highway is still not complete, with the exception of a section in one province, but I understand that one or two other provinces will either complete their sections this year or will come very close to having them completed. I do not think we should wait until the present trans-Canada highway is completed before we embark on an additional one.

If I may keep closer to home and refer to the northern part of British Columbia where I live, I can say without hesitation that our problem is one of the worst which confronts any of the western provinces. We had the honour of a visit by the Minister of Public Works a few months ago and I hope this will not be the last visit he will make before the next election. I hope he will come back before then to get to know a few more of the people and a few more of the problems, and if he will let me know when he plans to come I will try to act the part of host as far as I can.

As I say, we have been completely neglected when it comes to road building. Until a few years ago there was only a very small percentage of the 500 miles of highway between Prince Rupert and Prince George that was black topped. Much of it was not even gravelled; it was merely a rough path through the bush. Parts of that highway are being reconstructed at the present time and additional black top is being put on, but it is still far from adequate.

In recent years there has been a marked increase in industrial development in this region, a marked increase in population, a marked increase in tourists visiting that part of the country and an increase in appreciation by people who live in the southern part of the province of the fact that there is something more up there than trees, hills, mountains, lakes and wilderness. I hope that out of consideration for the people who have moved into this area, people with a great deal of the pioneer spirit, some consideration will be given to meeting at least their need for highways.

Not only should that section of the road which we already have in British Columbia, that is the east-west highway from Prince Ruper to Prince George, be brought without delay into a satisfactory condition, but also that area between Prince George east toward Alberta through the Rocky Mountain trench could be opened up and a highway constructed through there so that people who wish to drive to Calgary or Edmonton may not be obliged to make detours which take them many hundreds of miles out of their way.

The need for highways in British Columbia is even greater than it is in the other three western provinces. The other provinces have many more roads already in existence; their engineers are not faced with the mountainous terrain with which we have to contend and costs of construction are correspondingly less.

Every municipality, board of trade, chamber of commerce and organization representing working men or a general economic group in the constituency I represent has had an interest in this highway for some time. They are becoming increasingly interested in having it built under federal-provincial participation. I also know that in presenting briefs to the previous Liberal administration in years

past the province of British Columbia has made a similar request for that kind of participation in the building of a second route through that part of the country.

The minister might not wish to disclose the plans that exist at the moment in his department with respect to this suggestion and in all probability he would rather make the announcement at a more appropriate time when all details have been cleared away, but I now draw his attention in more detail than I was able to on another occasion in this house in different proceedings to an article which appeared in the Vancouver *Sun* recently setting out that these thoughts exist in the mind of the minister and his officials and that plans are being made for a route embracing the area I have mentioned and suggesting that some thought had been given to financial arrangements. I hope the newspaper article was not pure speculation as some are and while I hope it does not delve too deeply into the detail that is in the mind of the minister at the moment and which he may not wish to disclose at this time—although I wish he would—I nevertheless trust that the article is as factual as it possibly can be and reflects the true attitude of the minister, his department and the government in so far as the construction of a second trans-Canada highway is concerned.

Nothing would make me happier at this stage of the committee proceedings than to have the minister indicate if only in a general way that he agrees with the many people who have urged that there be federal-provincial participation in the construction of such a road. If he agrees only to the extent of saying that negotiations are under way I would be perfectly happy as would be the people who have lived in that part of the country for many years and the people who have just moved there. The people of that district for many years have been neglected by both federal and provincial governments not only with respect to highways but in many other fields.

I hope the minister will undertake to make a comment even if it is of a general nature or the expression of a pious hope to the effect that this will be undertaken. This will bring happiness to the hearts of the people who have long been residents of the area and it will make the new people coming in feel a little more proud of the fact that they have located in that part of the country which is so rich in potential and beauty. This will assure them that they will be able to live there and drive their motor cars without having to wear out a set of tires every 12,000 to 15,000 miles, without having to buy a new gas tank every time they drive more than a few hundred miles, without losing oil pans and without having their cars depreciate in value probably at least twice as fast as is the case with automobiles that are driven only on hard-top roads.

I think I know the minister's inner feelings fairly well. If it were possible for him to do so without violating the confidence of his colleagues and his department I know he would stand up and assure us that this project will be undertaken immediately. I know that is what he wants to say but I also appreciate that he has to respect the government and his colleagues and he may not be able to go that far in giving his answer. I trust the minister will say something that will be of encouragement to us in this respect.

Mr. Pickersgill: Mr. Chairman, before the minister yields to the importunities of the hon. member for Skeena I should like to say a word or two on this item. In the first place I should like to congratulate the minister and his department on the marvellous job that is being done in the construction of the trans-Canada highway in the Terra Nova national park. I was through there somewhat less than a month ago and as I believe I have already confessed I hi-jacked one of the minister's vessels on one occasion out of working hours to get across Clode sound. The road is the best in Newfoundland, as far as it has been completed. As far as I could see they are working very hard at it and as the minister probably knows, and certainly as his officials know, when that link through the national park is completed it will be possible for the first time in history to drive a motor car across Newfoundland and that is going to be a very great day. I do not mind how many times the minister visits Newfoundland and I hope he will come down and drive over the road in the first cavalcade when that part of the road is completed.

What I did want to say was prompted by the observations of the hon. member for Skeena. My remarks are not confined exclusively to Newfoundland. I was in the legislative assembly in Halifax not long ago and heard the minister of highways—or whatever is his designation in that province—speaking about the section of the trans-Canada highway through Pictou and Antigonish counties and he mentioned the difficulties the province had faced in financing its share of that work. My remarks will therefore apply to all the eastern provinces. Desirable though I feel it would be to have a second trans-Canada highway in western Canada, the original project of having one road right across this country should be completed first. The real reason why some provinces have been able to complete, or nearly complete,

their share of the construction of this highway is that the 50-50 basis of division does in fact make it relatively easy for some provinces to complete their sections but much more difficult for others. As the hon. member for Skeena very properly pointed out, there is a great deal of difference between the cost of completing roads in one part of the country than in another. I can share the hon. gentleman's feelings about gas tanks and tires because I drove a borrowed car on a section of the first 50 miles of the trans-Canada out of Port-aux-Basques last summer and at the end of the 50 miles there was no bottom left in the car.

As the hon. member for Skeena very properly said, the building of roads is a constitutional responsibility of the provinces. The conception of the trans-Canada highway was to have one great national road across the country. Since I assume the government's resources are not inexhaustible I hope consideration will first be given to completing the trans-Canada highway before we begin to use limited resources for building other roads, desirable though they might be as well. Surely the most important and urgent thing is to have one national highway extending from coast to coast that enables us to get from one end of the country to the other.

Mr. Bell (Saint John-Albert): Are you speaking now as a sailor or a landlubber?

Mr. Horner (Jasper-Edson): Mr. Chairman, I should like to make one or two comments on this item before it passes. I must first of all disagree with the hon. member for Bonavista-Twillingate. The provinces of western Canada are landlocked, and this is perhaps particularly true of northern Alberta. On the other hand the eastern provinces already enjoy the benefit of the St. Lawrence seaway and other coastal seaways.

Since I am a member of the committee on railways, canals and telegraph lines I can assure this committee that the government is now spending considerable money in subsidizing seaways, and I do not feel that we are asking too much to encourage the government to go ahead right now with providing surveys and doing the brushing for the second trans-Canada highway.

I should also like to go on record by saying that in the province of Alberta the northern section of the highway should run from Lloydminster to the gates of Jasper national park. The road to the park is in very good condition and we are very proud of the highway. Unfortunately, when we get to the gates of Jasper national park our highway runs out.

I am very pleased to hear that the hon. member for Bonavista-Twillingate is happy with the construction of the road in his national park. I am very sorry to say that the construction which the previous administration undertook in Jasper national park is a disgrace to the government of Canada. Every spring they have to send in a ranger to saw off the roots of trees that come up through the pavement. That is an established fact. I would like to commend the government on the survey work and brushing which took place in the park last winter. We are also very happy with the announcement of the construction which will take place on the Banff-Jasper highway connecting the two greatest national parks in Canada. We would like to encourage the government to speed up that section of the Yellowhead highway, so-called, from the Jasper national park. It is the bottleneck at present. We would encourage them to speed up the surveying, brushing and constructing of an all-weather road through Jasper to the eastern gates. Then, we would like to encourage them to enter into negotiations with the province of British Columbia for the completion of the Yellowhead highway.

If I may, I would like to go on record as saying that this is a highway which we in the northern parts of the prairie provinces are glad to support. I am sure that all my colleagues agree with me. I do not need to worry about their political affiliations in northern Alberta, Saskatchewan and Manitoba. We would like to see the highway built as soon as possible, because at the present moment there are places in our province from which we would have to travel approximately 500 miles to reach the present trans-Canada highway. I do not think it is fair that we should be bottled up in the north, and I earnestly and sincerely recommend to the government that they proceed with all haste and survey and construct the Yellowhead highway, which is the easiest road to build. It is the road that will be the freest from avalanches and rock slides. At present there is a good road across the prairies practically to the gates of Jasper. We would appreciate government action in this regard.

Mr. Green: Mr. Chairman, the vote we are considering has to do with construction of the trans-Canada highway in the national parks. Then, there is a statutory vote dealing with the contributions made by the dominion to the provinces toward the construction of the trans-Canada highway where it is not in the national parks. I think it would not be appropriate for me this afternoon to take any time to discuss the trans-Canada highway other than to say that it is coming along splendidly. We expect it to be completed by the end of 1960 and I know

it will be a highway of which every Canadian can well be proud. As a matter of fact, that is the situation today over a very large mileage of the trans-Canada highway. The government is very much interested in this highway and also in the further steps to develop the country. For that reason the remarks made by all three members who have spoken on this item this afternoon have been extremely helpful. I am not in a position to announce any policy at the moment but I can assure hon. members that the federal government has no intention of breaking up the dominion-provincial partnership in the construction of roads once the trans-Canada highway has been completed. We are vitally interested in work of this type because we think it means so much in building this nation into one of the great nations of the world.

Mr. Howard: First, I would like to ask one question. I understood the minister to say that this was not the appropriate time to discuss the trans-Canada highway in detail.

Mr. Green: What I meant was, if I started to make a speech on the trans-Canada highway it would take me two or three hours. I think it would not be very wise to make it.

Mr. Howard: This is the item under which it would be done. I misunderstood what the minister said but I did not misunderstand what he said when he made reference to the fact that this government is going to wait until the first trans-Canada highway is completed before they start on any additional federal-provincial co-operative road-building projects.

Mr. Green: I did not say that.

Mr. Howard: That is what I heard.

Mr. Green: No, I did not say that. I said that the government had no intention of leaving the dominion-provincial partnership in the construction of highways once the trans-Canada had been completed.

Mr. Howard: If I can substitute my own words, the government has no intention of breaking up the federal-provincial co-operation in highways once the first trans-Canada has been built.

Mr. Green: Yes.

Mr. Pickersgill: That was the ray of hope.

Mr. Howard: I still hope the minister does not mean he is going to wait until the first trans-Canada highway is completed before he enters into arrangements to start an additional one.

Mr. Green: I did not say that.

Mr. Howard: The minister did not mean that?

[Mr. Green.]

Mr. Green: I did not say that.

Mr. Howard: When does the minister intend to start the second trans-Canada highway?

Mr. Green: I explained to the committee that I cannot announce policy at the present time. The hon. member should not be discouraged.

Mr. Howard: Very seldom do I get discouraged, Mr. Chairman. I find that if one has a tendency to become discouraged he would have been discouraged because of what happened many days ago. You know, Mr. Chairman, the number of occasions upon which we have had expressions of opinion by hon. members standing in their places and indicating yes or no on various subject matters, and you also know there was a sort of preponderance of the votes on one side. If I was easily discouraged I would have been discouraged a long time ago. Is it the intention of the minister to present to the house on some future occasion during this session amendments to the Trans-Canada Highway Act? I understand the act should be amended in order to permit the government to enter into arrangements for the construction of a second trans-Canada highway.

Mr. Green: Like many other questions of policy, Mr. Chairman, it would be inappropriate for me to make any statement on that point at the moment.

Mr. Fisher: The questions that I should like to ask are not questions of policy; they are related to performance. Can the minister give us any explanation as to why the province of Ontario has not been able to move faster to complete its section of the trans-Canada highway, especially the very large link between Sault Ste. Marie and Marathon, Ontario? Can he give us any sort of time schedule for that region as his engineers have been able to determine it?

Mr. Green: The gap in the trans-Canada highway in Ontario is from Agawa river to Marathon following generally the north shore of lake Superior for a distance of approximately 164 miles. This is very difficult country in which to build a road. In some cases it has been necessary for the contractor to go by boat and land materials and men on the shore of lake Superior in order to reach the right of way. Very satisfactory progress is being made, and I believe the work is going ahead exceptionally well during the present year. We believe that the gap will be closed by the end of 1960. The dominion is paying 90 per cent of the cost of 136 miles of the gap with Ontario paying 10 per cent,

although Ontario is actually doing the construction work. The cost of the remaining portion, of course, is being shared on a 50-50 basis. I understand that the total mileage has either been cleared already or is under clearing contract. One hundred and fifteen miles are under grading contract and the whole of the gap will be under grading contract before the end of the present month.

Mr. Fisher: The minister is probably aware that several years ago there were serious repercussions in connection with the building of the trans-Canada highway in the province of Ontario which caused somewhat of a turmoil. Since the new administration came into power, is the minister satisfied with the general integrity of performance as the work is being carried on at the present time and can he guarantee that there is no likelihood of any repetition of the previous unsavoury situation?

Mr. Green: A close check is kept by the federal officials and we have no reason whatever to believe that the work is not being done in an efficient and honest manner.

Mr. Fisher: I have one last question which is a political one. Would the minister undertake to explain to the house why that magnificent Conservative government in Ontario, paralleled by the magnificent government we have federally, has not been able to complete the highway? I understand there is one province somewhere in Canada that has completed its section of the highway, and maybe the minister can explain why.

Mr. Green: I am very glad to have this tribute to the federal government from the hon. member. It might be very helpful some day. Construction along the shore of lake Superior is extremely difficult and I try not to compare the achievements or obligations of the different provinces so far as the trans-Canada highway is concerned. Some undoubtedly have easier construction than others. The question of population also comes into the picture. In some provinces or portions thereof the highway runs through settled areas. In others, portions of the highway run through what is practically virgin territory. That is the case with the highway along the north shore of lake Superior. From our point of view all the participating provinces are doing a good job. They are all co-operating very well. This project is one example of how Canadian governments can get along together no matter what their political beliefs may be.

Mr. Howard: I know that the minister does not really need the advice I intend to impart to him. From developments since he took office and more particularly just before that time I am sure he knows that one of the quickest ways he can get into trouble in certain parts of the country is to follow the advice of the hon. member for Bonavista-Twillingate. As I said, I am sure the minister does not need advice from me not to pay too much attention to what the hon. member for Bonavista-Twillingate has said. He will get into difficulty, particularly with the people who live in the four western provinces, if he follows the advice of the hon. member to wait until the completion of the present trans-Canada highway before commencing construction of the second trans-Canada highway that has been proposed.

I know that the minister has a great deal of sense and understanding of the forces at work among the general public, especially when it comes time for the people to cast their ballots. I am sure that if the minister will look ahead to the next election and will undertake to enter into arrangements for commencement of construction of a second trans-Canada highway following the general route I have mentioned there is a possibility that he may be able to add one more seat to the Tory ranks from British Columbia.

Mr. Pickersgill: There are many more possibilities in Newfoundland.

Mr. Howard: If, in an effort to get a second trans-Canada highway constructed through the area I have mentioned, Prince Rupert, Terrace, Hazelton and Burns Lake, the area in which I live, as part of the payment I have to relinquish my seat, involuntarily, of course, on election day, I would be more than pleased to do so. The minister should keep it in mind that he may be able to add one additional member from British Columbia, and if that is the payment I have to make I will be more than pleased to do so.

Mr. Pickersgill: A most immoral proposition.

Mr. Green: This is a very tempting offer.

Mr. Dumas: We are all very proud, of course, of the trans-Canada highway and appreciate very much the excellent work which has been done by the minister's department in this respect. We are also aware of the co-operation existing between the federal government and the different provinces. I should like to know whether the minister can report something new regarding discussions which may have taken place lately between his department and the province of Quebec respecting the trans-Canada highway.

Mr. Green: There have been no discussions since we took office. I would point out again that we must treat the provincial governments

as equals. They make their own decisions and we try not to interfere with those decisions.

Mr. Caron: We hear quite a lot said about the trans-Canada highway. A short time ago a western member said that roots were poking through the pavement in a certain section. Has the minister been advised of that fact by his engineers?

Mr. Green: I think the remarks made by the hon. member have to do with a highway in Jasper national park, which is not the trans-Canada highway. The trans-Canada highway goes through Banff national park.

Mr. Hardie: I am wondering if I could receive any answers to the questions I asked earlier?

Mr. Howard: What is your province doing?

Mr. Hardie: I would suggest to the hon. member for Assiniboia and others who spoke about the next trans-Canada highway, that if I were to follow the vision of the present government during the last election campaign I would say that the next trans-Canada highway should be built north and south to give some breadth to this country instead of length.

I am wondering if under this item of trans-Canada highway I can get an answer to some of the questions I asked about road construction in the north which is supervised by this Department of Public Works?

Mr. Green: No, that has nothing to do with the trans-Canada highway. Those questions should be asked on the estimates of the department of northern affairs.

Mr. Hardie: When I asked those questions originally, I was told there was an item in the public works estimates upon which I could ask those questions. I am now asking for answers under the only item I see in the public works estimates that I could expect a reply. The Department of Public Works calls for tenders for road construction in the north, regardless of whether it is the department of northern affairs or anyone else who pays for it.

On June 13 at page 1132 of *Hansard*, I think although I am not too sure, I asked which company received the contract on the Yellowknife to Fort Rae section of the road in the Northwest Territories. What was the amount of the tender, and what amount was paid to the contractor up to now? How many miles of road did the contract cover, and how many miles were completed? I am wondering if the minister could answer these questions now which I asked on June 13?

Mr. Green: Those questions certainly do not come under the trans-Canada highway. However, I have three pages of answers here to the questions which the hon. member asked on June 13, and I would be very glad to let him have them.

Mr. Hardie: I imagine the minister has had these answers for some time. These answers may give me the opportunity of asking further questions. If I could have those answers now, and if this item were to be held over, possibly I would have some other questions to ask.

Mr. Green: This trans-Canada highway item is in no way connected with these questions. I am sure that when he has the answers the hon. member will be in a splendid position to ask a lot of questions of the Department of Northern Affairs and National Resources.

Mr. Regier: I should like to ask the minister for some information about the progress of this highway in my province. Just what portion of the trans-Canada highway in British Columbia has been designated and agreed upon between the two levels of government as being eligible for the 90 per cent federal contribution towards the cost? Where does it begin?

While we are referring to British Columbia, I have a few more questions. Has an agreement yet been arrived at between the two levels of government on the rerouting of the highway in the lower mainland, the portion running through Surrey, Burnaby and so on? If an agreement has been arrived at on the new route, what is the basis upon which the federal department agrees to a change in the route once payments have been made for a highway? I understand that in years gone by the federal department paid a portion of the cost of the Pattullo bridge across the Fraser. I believe the minister was a member of the house when the federal government agreed to pay a portion of the cost of that bridge. I believe also that part of the trans-Canada highway running immediately east of the bridge has been paid for by the federal government. Now, exactly what happens if there is an agreement reached that this highway shall be relocated, and shall possibly include a new bridge? I have reference, of course, to the much talked about Port Mann bridge.

Mr. Green: In that event, the money that has been spent would be credited to us when the route is changed. I believe that the route through the lower Fraser valley has been agreed upon in principle, but the survey has not yet been completed so I cannot say exactly where the road is to run. The portions of the highway in British

Columbia, apart from national parks in which of course the dominion pays everything, on which we pay 90 per cent are; 26 miles from mile 474.63, to the western boundary of Glacier national park to Donald; 11 miles from the eastern boundary of Glacier national park; 11.77 miles from mile 183.9 to mile 195.67, including the Alexandria bridge which is I believe in the Fraser canyon. I suspect that in most of the provinces the 90 per cent ends up as the most expensive portion of the construction. Then, there is 8.1 miles from mile 202.73, China Bar, to mile 211.6, and that again is in the Fraser canyon. There is a total of 56.78 miles.

Mr. Regier: I thank the minister for that information. I know that this portion has not yet been completed. The minister says the relocation has been agreed upon in principle. Can the minister say whether or not this involves the signing of a new formal agreement or is it only done by an exchange of letters?

Mr. Green: The agreement just covered in general terms a road from somewhere in the vicinity of Abbotsford to a road in the vicinity of the south bank of the Fraser river where the new bridge is to be completed.

Mr. Regier: That was the formal agreement?

Mr. Green: Yes.

Mr. Regier: I take it, then, since the minister mentioned the south bank of the Fraser, there is not yet any agreement about a bridge across the Fraser on the highway through Burnaby?

Mr. Green: That is also included in the agreement.

Mr. Regier: Could the minister say how far west it goes; does it go all the way to Horseshoe bay?

Mr. Green: The agreement covers a bridge over the Fraser river and then a route to the south shore of Burrard inlet. It does not cover a bridge over Burrard inlet but it does cover the upper levels highway to Horseshoe bay?

Mr. Winch: Might I ask the minister a question on a matter which I consider is most important to the government of British Columbia. In view of the developing volume of traffic on the lower mainland of British Columbia, is his department prepared to pay half the cost of a bridge, whether it be for a four, six or eight-lane highway? I understand the department will pay only half the cost of a four-lane highway and that, of course, is ridiculous when considering such a matter as the building of a bridge over the Fraser river.

Mr. Green: We have to have the same agreement with all the provinces and I would like to point out that the trans-Canada highway was never designed as a highway to take care of heavy traffic in the vicinity of large cities, it was designed as a trans-Canada road. In so far as a bridge is concerned, we pay for a 24-foot roadway on the bridge itself and a 10-foot shoulder on either side of it, which would be a total of 44 feet. If the province wants to build a very much wider bridge then the additional cost is their responsibility.

Mr. Winch: I know I do not have to remind the minister—he knows Vancouver and the lower mainland of British Columbia so well—but any bridge across the Fraser river is not an inter-city highway; it is a trans-continental road. Does the minister say that he will not through his department pay more than a 24-foot contribution with a 10-foot shoulder on each side, and that the rest must be covered by the province or the municipality?

Mr. Green: British Columbia has to be treated in exactly the same way as the other provinces and in some instances a very much wider bridge is required, not at all because of trans-Canada highway traffic but because of local traffic. In the case of the crossing of the Fraser river much of this traffic comes up from the United States and there would be no reason why the dominion government should pay, for example, 50 per cent or 90 per cent of the cost of the bridge to provide for all that traffic.

Mr. Hardie: With respect to the department of northern affairs' estimates, and here we get back to the question of whose responsibility it is to answer questions in this house in regard to those estimates, a year ago $55,000 was set aside to complete the building of a spillway over the Hay river at Hay River in the Northwest Territories. Plans for this purpose were drawn up by the department of the minister and at that time I understood that tenders were to be called in July for the construction of the spillway. Construction was however, not proceeded with and I am wondering just which department changed its mind with respect to this construction; was it the department of northern affairs or the Department of Public Works?

Mr. Green: This matter is under the Department of Northern Affairs and National Resources.

Mr. Hardie: That is true, the department of northern affairs did include in their estimates the amount of money required to build this spillway but at the same time that department is not responsible for the drawing up of plans for this spillway or for the preliminary survey work—

The Deputy Chairman: I must inform the hon. member that he is out of order. We are discussing the trans-Canada highway and I cannot find anything in the remarks of the hon. member with respect to that subject.

Mr. Hardie: Perhaps the Chairman would be kind enough to tell me under which item I might question this department on the moneys which they have spent for other departments or for preliminary surveys or the planning of bridges, spillways or anything else for any other department?

The Deputy Chairman: I am afraid I must advise the hon. member that we do not make those decisions from the chair.

Mr. Hardie: If the Chairman cannot make those decisions—

The Deputy Chairman: Order. We are discussing this item and I must ask the hon. member to confine his remarks strictly to the item under discussion.

Mr. Hardie: No, Mr. Chairman—the supervision of every bit of work carried on on highways—

Some hon. Members: Order.

Mr. Hardie: —on the Mackenzie highway or the extension of that highway to Yellowknife and the spillway is supervised and the plans are drawn up by the Department of Public Works and tenders are called by that department.

The Deputy Chairman: I would ask the hon. member to co-operate with the chair. We are now discussing the trans-Canada highway and I must keep the hon. member within the scope of this item.

Mr. Hardie: Could the minister then tell me under which item I can question his department?

An hon. Member: Order—do your homework.

Mr. Hardie: You fellows had better do some homework.

Mr. Regier: He is absolutely right.

Mr. Hardie: Empty skulls.

Some hon. Members: Order.

Mr. Hardie: I cannot question the department on any other item or votes.

[Mr. Green.]

Mr. Regier: I would like to say something on a point of order. However, I will not, but I am sure after some consideration the chairman will reconsider his decision with respect to the hon. member for Mackenzie River.

Could the minister explain how it is that an agreement has been reached for federal cost sharing of the bridge across the Fraser river which, I take it from the minister's words, is in fact federal cost sharing only as it applies to a two-lane bridge. The minister knows that such a bridge will not be built —no one is going to build a two-lane bridge across the Fraser river—it would be ridiculous.

Progress reported.

Mr. Speaker: It being five o'clock the house will now proceed to consideration of private and public bills, the former having precedence pursuant to standing order 15 (3).

PRIVATE BILLS

BURRARD INLET TUNNEL AND BRIDGE COMPANY

Mr. J. R. Taylor (Vancouver-Burrard) moved the second reading of Bill No. S-4, respecting the Burrard Inlet Tunnel and Bridge Company.

He said: Mr. Speaker, the purpose of this bill is to give authority to the shareholders of the Burrard Inlet Tunnel and Bridge Company to authorize, if they so desire, the payment of directors' fees to the directors of the company within the modest limits contained in the bill and also to authorize the reimbursement of expenses incurred by the directors in furthering the company's interests.

Hon. members may like to know who are the directors of this company. They are all well-known west coast gentlemen. One is Alderman Cornett of the city of Vancouver, long experienced in municipal matters; others are Mayor Goldsworthy of the city of North Vancouver and his associate Alderman Gostick; there are also on the board Reeve Sam Macrae and Councillor Fraser of North Vancouver, and Reeve Richards of West Vancouver. Hon. members may also like to know who the shareholders of this company are. Mr. Speaker, the shareholders are as follows: first, there is the city of Vancouver, then the city of North Vancouver, the district of North Vancouver and the municipality of West Vancouver. They own between them some 8,000 shares. These are the total shares outstanding, except 25 additional shares owned by the Cotton estate.

I wish to point out also that the board of directors of this company is charged with the responsibility of operating the company as a profit making company as opposed to, say, a school board or other like institution.

The board has requested that the company charter be amended. Whether or not directors' fees will be paid will finally rest with the municipalities to decide. This bill merely enables fees to be paid. It is up to the shareholders to decide the rest. No director is a shareholder, and thus a director is not entitled to vote unless he acts as proxy. In running this bridge company the directors must give additional time apart from their other duties. They are out to make a profit for the company; it is a commercial business.

I think it might be best if I gave hon. members a short history of this company. The Burrard Inlet Tunnel and Bridge Company was first incorporated in 1910, giving authority to a private group to build a tunnel in Burrard inlet, Vancouver, British Columbia, at what is known as the first narrows, or a bridge at the second narrows in the same inlet. It was considered at that time that the cost of a tunnel was too great to justify its construction and, in fact, it was too early for the building of a bridge across the second narrows.

The purpose of the bridge was to join the city of North Vancouver, the district of North Vancouver, and the municipality of West Vancouver to the city of Vancouver by roadway. The population of Vancouver at that time was only in the neighbourhood of about 90,000 with the other city and districts very small. Eventually the company's rights of building were taken over by the two cities and two municipalities to which I have referred. The bridge was completed in 1925.

The fixed span of the bridge was carried away in 1930 and replacement was completed in 1934. It was at this time that the federal government made available one million dollars with the proviso that management of the bridge would be assumed by the national harbours board pending the repayment of the loan from the federal government.

Upon the return of the bridge to the bridge company in March 1951 its finances were in extremely bad condition. The company had made default under a trust deed mortgage to the Montreal Trust Company to secure $630,000. No interest had been paid for several years; no sinking fund had been set up for several years, and coupons outstanding in default amounted to $642,600. A similar default existed in regard to a second trust deed mortgage of $70,000. The bridge company had no funds to meet a temporary loan from the national harbours board of $98,000.

The company's financial position had been poor from the time of the construction of its bridge over the second narrows. The supreme court of British Columbia had appointed a receiver upon the application of the Montreal Trust Company, the trustee under the two bond mortgages.

Under the management of a very able directorate the company's financial situation has greatly improved since March 31, 1951 when the company took over the railway and bridge from the national harbours board.

I have a copy of the company's financial statement for the year ending December 31, 1957, as certified by the company's auditors. The statement shows that the company paid a dividend for the year 1957 of $321,000, being 40 per cent on the capital stock outstanding. The huge amounts of unpaid arrears of interest, coupons and sinking funds referred to have been paid and provided. The company's operating profit before fixed charges for the year ending December 31, 1957, amounted to some $613,000, and after deduction of fixed charges, including depreciation, the company's net profit for the year amounted to some $529,000.

In my opinion, time and ability on the part of the directors will be required in the next few years in excess of the usual time devoted to carrying on the company's business. In view of the construction now proceeding of a competitive bridge at the second narrows, sponsored by the provincial government, I am of the opinion that a new deal with the Canadian National Railways will come up for consideration by the directors of the bridge company. The nature of any new deal cannot be defined now. The formation of it undoubtedly will require considerable study and will require a board of directors sufficiently interested in their work to devote the necessary time and effort. I do not see why they should not receive some reasonable remuneration.

Finally, I mention by way of comparison the fact that members of the greater Vancouver water district, which is a corporation created by provincial statute in 1924, have always been paid. For many years they have been paid—small sums, it is true—but they have received remuneration. The corporation which I have referred to was not constituted for the purpose of making money and paying dividends. The corporation under review at the present time was constituted for making money.

I feel that the directors have been most fair in considering the welfare of the shareholders. The directors could have drafted the bill in such a way as to have provided that they alone could have set the amount to be paid to them by way of remuneration but if hon. members will peruse the draft bill they will see that it is the shareholders and the shareholders only who have the power to determine the amount to be paid.

I should also like to commend the board of directors. As I mentioned, most of them are senior officials in western Canada and most have had long experience in municipal affairs. They have set extremely reasonable sums to be paid as remuneration. They have stipulated that the maximum amount that may be paid to a director shall be the sum of $500 with provision for payment to the president of the sum of $1,200. I am convinced that hon. members will share my feeling that these are most reasonable sums.

The directors are not shareholders of the corporation. They do not even have the right unless appointed as a proxy to be present at the annual meeting. Therefore they do not necessarily have to be at the meeting in order to vote upon this important matter. Such authority is vested solely in the shareholders which, as I explained earlier, are the municipalities concerned. This is an added safeguard over the usual company practice whereby the directors themselves determine the amount of directors fees to be paid. In this instance any fees would have to be authorized by the shareholders meeting which would be composed of persons holding proxies from the shareholder municipalities and, under the Railway Act, such proxies need not be themselves shareholders. Nor is it any requirement whereby a proxy must even be a member of the municipal council. In other words it is quite possible that the directors would not even be present at the shareholders meeting, as I just mentioned, at which the matter of directors fees was determined.

In summary I wish to stress that I feel the directors have acted in good faith, they have drafted a reasonable bill, the sums involved by way of remuneration are not great and there is the added safeguard that the shareholders shall have the right to determine whether or not they shall be paid.

Mr. W. H. Payne (Coast-Capilano): Mr. Speaker, I rise to speak against the bill as presented by my colleague, the hon. member for Vancouver-Burrard (Mr. Taylor). The Burrard Inlet Tunnel and Bridge Company is a concern which, as has been previously stated, operates a very essential bridge connection between the south shore of Burrard inlet, across the Second Narrows to the north shore. The north shore, I might point out, is one of the major areas represented in my riding of Coast-Capilano. The bulk of the ownership of this company is likewise represented by holdings held by the municipalities on the north shore. Sixty per cent of the shareholdings are held by the city of North Vancouver and the municipal district of North Vancouver. The small amount of the balance entitles the municipality of West Vancouver to seat one director on the board of this company and also to participate in its control to a very small degree. The city of Vancouver itself holds a small share interest and is entitled to the seating of one director on the board.

On the surface it would appear that the purpose of this bill is in order and in keeping with normal, good business practice. However, as the mover has pointed out, since the incorporation of the Burrard Inlet Tunnel and Bridge Company in 1910, some 48 years ago, it has had a checkered and quite colourful career. Indeed, in the earlier years it was out of operation more than it was in operation. This has been a matter which has direly affected the life and interest of the people living in the north shore area. For a great many years, other than for ferry contact, it provided the only access to the north side of Burrard inlet.

It is faulty and quite incorrect to consider that it was established and eventually controlled by the municipal areas on the north shore for the purpose of making a profit. It was established for and has been administered by the municipality and city council of North Vancouver for the sole purpose of providing access to the north shore area. Its administration by its directors falls well into the category of a normal operation through a council of aldermen or councillors being named to committees to administer this public utility. The subject of its operation has formed the basis of active and heated debate throughout the more populated area of my constituency, not for just a few years but for many years.

I think it is important to point out the matter of its earning power at this time. Much has been said about the management of the Burrard Inlet Tunnel and Bridge Company. I wish to pay tribute to those who have been appointed by the three councils and the council of the city of Vancouver in connection with the operation of this essential public utility. However, I wish to stress the fact that its earning power at this time has developed only through the tremendous increase in population in the three municipalities it services on the north shore. It is by virtue of the bridge tolls paid by the taxpayers of that area that those revenues are garnered. The taxpayers of these communities are the very people who for well over two and a half decades have been called upon, through tax assessments, to pay deficits on the operation of this bridge company. The load has fallen heavily on the people living in Coast-Capilano. They are, as has been pointed out, the shareholders, and in the

course of the last seven years these shareholders have protested vigorously on two grounds.

One is that council should be able to appoint a man from their midst to act on what virtually is a municipal committee and receive remuneration denied a committee man serving on other essential jobs while in office and a member of council. They have also strongly voiced the opinion that any revenues garnered from the operation of the Burrard Inlet Tunnel and Bridge Company represent basically overcharges placed upon the citizens of the north shore and are a clear indication that rather than operating on a profit basis the bridge tolls should be reduced.

Further to these factors, I would like to point out that if after this strange interim period, being almost 48 years of history, this company shows large profits, those profits are entirely of a temporary nature since a new second narrows bridge, which has already been mentioned and which suffered dire damage and was the scene of a great disaster in my area not many weeks ago, is under construction. It is a 6-lane high level structure. When it is completed, certainly in a period of not more than three years from now, the second narrows bridge will again face financial disaster and the people who will be obliged then to pay for this administration charge if now permitted will be the citizens of my constituency. Mr. Speaker, they have protested and I support them in their protest.

Further, I submit that in three years time this company will be faced with very serious and tragic deficiencies, and I trust that it will be possible through discussions with our federal Department of Transport to see that the old second narrows bridge span, which must be kept in service, as it will still remain at the time of the opening of the service of the new second narrows bridge, as the only carrier of rail traffic, is again brought under the control of the harbours board to form the first portion of an integrated harbours board rail connection and distribution system throughout the north and south sides of Burrard inlet.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I wish to say a few words on this bill. Quite frankly, I am amazed that we who are members of the House of Commons from constituencies that are concerned did not know anything about the introduction of this bill until it was introduced by the hon. member. I have a particular interest because one end of the bridge is in my constituency. I wish to say first of all that I regret that if the shareholders were interested in this the representatives of the constituencies and the municipalities concerned did not see fit to speak to us about it. I can only go on what has been said already by the hon. member who introduced this bill and also from my own knowledge.

I wish to join with the hon. member who has just taken his seat and say that I oppose the passage of this bill in this house. I am afraid that the hon. member who introduced it unintentionally confused the issue. The only shareholders are the municipalities, and the only representatives of the municipalities on the board are the elected members who represent those municipalities. We have this extraordinary situation. The only votes that can be cast are the votes of the elected representatives who represent the shareholders who are the municipalities. In other words, there is no other voice whatsoever at any meeting except that of the elected representatives who represent the shareholders who are the municipalities. That, I think you will agree, is a most extraordinary situation. Of course, I am a little bit wrong. I understand there is one person who controls 25 votes out of 8,025. Who the lady is I do not know. Perhaps the hon. member who has moved the second reading of this bill might inform us at the appropriate time. She is the representative of an estate. But the hon. member who moved the motion and has asked our support for it said that this was a profit-making company. As a Vancouver representative and one who represents a constituency in which one end of this bridge is, I deny that statement.

This company was not originally formed in any way whatsoever as a profit-making organization. The company was formed because there was a dire need for a bridge over the second narrows to serve Vancouver and various municipalities on the north shore of Burrard inlet. The company was organized and the bridge was built as a service to the people on both sides of Burrard inlet. Admittedly, it lost money for some time; admittedly, it is now making money. If one is to be completely honest, admittedly in a very short time it may start losing a great deal of money because only a matter of about 100 feet from that bridge a new bridge is being constructed. Unfortunately, that new bridge will not be opened when it was expected it would be because of a calamity we all heard about and spoke about just a matter of a few days ago. Inside of 12 months the engineering defects will be taken care of and a new bridge will be in operation which will take care of every item of transportation in the second narrows area, excepting on a railway basis. That being so, it becomes more important than ever before to recognize that the original construction and continued operation of the bridge was a matter of service and not of profit.

Private Bills

May I just add to what I mentioned a few moments ago that outside of the estate represented by one woman who owns 25 shares out of 8,025, all representatives are directors appointed as elected representatives of the city of Vancouver and the various municipalities which put up the original money for the construction of this bridge. Being elected members they are in the same position as others with similar responsibilities. If you are a member of a city council, a municipal council or a rural municipal council your work is designated by the council. You may be called upon to serve on a library board, a sewer board and undertake all the various responsibilities that go with election to office. Quite bluntly, I cannot see why there should be any differentiation between the responsibilities of a member of a council serving on a library board or sewer board and those of a director of a bridge company engaged in rendering a service. The council member's service is just as great and he also has to attend many more meetings than those who are members of the directorate of this bridge company.

Apparently the city of Vancouver did not think this matter of sufficient importance to draw it to the attention of Vancouver representatives other than the one who has introduced the bill. Nonetheless, while I do not necessarily hope that the bill will be turned down at this time I do think it should be referred to a standing committee of the house for a complete investigation and survey of the situation.

Mr. John Drysdale (Burnaby-Richmond): Mr. Speaker, I rise to make one or two observations on the bill and perhaps to facilitate the matter by directing hon. members to the principle that is involved in the bill. I think the principle is particularly important since it involves not only the Burrard Inlet Tunnel and Bridge Company as an ordinary corporate entity but also because of the fact that the company is in effect being run by the municipality. Municipal councillors are elected by the municipality to sit as councillors and to serve on various committees, and in serving on this particular board they are in fact serving on another committee.

The point that bothers me with respect to the matter raised by the hon. member is that the remuneration suggested for the directors and the president is extremely small and because it is so small it would seem to me that the municipal council, if it had seen fit, could have awarded an amount directly to the individual members.

To take a look at the history of the company, the company was incorporated on May 4, 1910 by an act entitled "An act to incorporate the Burrard Inlet Tunnel and Bridge Company." Section 7 of the original act of incorporation stated:

The number of directors shall be not less than five nor more than nine, one or more of whom may be paid directors.

I think it is interesting at this time to follow through the statutes and see what happened to the provision as to paid directors. We turn to the Statutes of Canada, 1924, chapter 76, section 2 where it is stated:

Section 7 of the said act is repealed—

That refers to the act I just mentioned.

—and the following is substituted therefor:

"7. The board of directors shall consist of six members, and shall be made up as follows: Two representatives from the district of North Vancouver, one of whom shall be the reeve, and one councillor to be nominated by resolution of the council; Two representatives from the city of North Vancouver, one of whom shall be the mayor, and one alderman to be nominated by resolution of the council; One representative from the city of Vancouver who shall be the mayor for the time being of the said city; One representative from the district of West Vancouver who shall be the reeve of the said district."

There is no reference made anywhere throughout this section as to the directors being paid. Following the matter through, we turn now to the Statutes of Canada, 1952, chapter 56, section 1, where it is stated:

Section 7 of the act to incorporate the Burrard Inlet Tunnel and Bridge Company, chapter 74 of the statutes of 1910, as enacted by section 2 of chapter 76 of the statutes of 1924 is repealed, and the following substituted therefor:

"7. The board of directors shall consist of six members and shall be made up as follows:

Two representatives of the corporation of the district of North Vancouver both of whom shall be members of the municipal council of the district to be nominated by resolution of the council;

Two representatives of the corporation of the city of North Vancouver both of whom shall be members of the municipal council of the city to be nominated by resolution of the council;

One representative of the corporation of the district of West Vancouver who shall be a member of the municipal council of the district to be nominated by resolution of the council;

One representative of the city of Vancouver who shall be a member of the city council to be nominated by resolution of the council."

It is interesting to note that in all the amendments up to 1952 no consideration was given to payment and it would have been possible at the time of these amendments to bring in a provision for payment of directors. But evidently the people who were bringing in those amendments thought it was in the best interests not to have such a provision. I would also refer to section 2 of the same statute which reads as follows:

Section 8 of the said act, as enacted by section 1 of chapter 63 of the statutes of 1931, is amended by adding thereto the following subsections:

"(2) In addition to its right to charge tolls under the provisions of the Railway Act the company may charge and collect tolls in respect of the use for pedestrian and vehicular and other like traffic of the said bridge or the bridge as reconstructed, or the ways and approaches connected therewith and owned or operated by the company."

Actually in 1952 we had the first confirmation that the company was entitled to collect tolls on vehicular traffic and pedestrians making use of the bridge. There was a certain amount of confusion in view of the various amendments to the act. I think it is of interest to note that the company was incorporated in 1910 and yet it was not until 1923 that actual construction of the bridge started. In the Statutes of Canada, 1913, chapter 80, an amendment was made to the original act for the purpose of extending the time for construction of the bridge. This was followed by subsequent amendments. Perhaps I should take the time to read the 1913 amendment.. It is found in chapter 80, section 1 and reads:

1. The Burrard Inlet Tunnel and Bridge Company may commence the construction of its bridge—

Mr. Speaker: May I ask the hon. member whether this relates to the principle of the bill which seems to be a relatively simple one of whether or not the company shall have the power to pay its directors? I do not think he need spend time on the history of the company except in so far as it relates to the principle which is the subject matter of the discussion on second reading.

Mr. Drysdale: I have brought up this matter because I wished to refer to the length of time before the bridge was actually constructed. Perhaps I might just refer briefly to the citations as a matter of convenience. The time for construction was extended in the Statutes of Canada, 1913, chapter 80; 1914, chapter 73; 1916, chapter 34; 1918, chapter 61; 1920, chapter 74; and 1922, chapter 54. As I mentioned earlier, construction of the bridge was started in 1923 and carried on through 1924 and 1925. The bridge was first opened on November 7, 1925. The bridge had not been designed to be a threat to navigation but shipping interests said that it subsequently would be. As a result of the mistake made by the people constructing the bridge, the steamship *Eurana* struck the bridge in March, 1927 and a 300 foot span was thrown into Burrard inlet.

This resulted in a very interesting case which went to the privy council, the Steamship *Eurana* vs the Burrard Inlet Tunnel and Bridge Company. It is reported in 1931 Appeal Cases at page 300. If I may be permitted, sir, I should like to read the headnote in that case.

Where a special act of the dominion legislature has authorized the construction of a bridge carrying a railway over a navigable channel "so as not to interfere with navigation", and has incorporated the Railway Act, an order made by the railway board under section 268 of that act, which empowers the board to authorize the construction of a bridge over navigable waters according to plans approved by the governor in council, affords no defence to a claim in respect of damage caused to a ship by reason of the bridge constructed being a substantial interference with navigation and therefore a public nuisance. The protection of the public right of navigation being dealt with both in the special act and in the general act, the express provision of the special act overrides those of the general act, both having regard to section 3 of the Railway Act and apart therefrom.

This particular judgment reverses the Exchequer Court of Canada and the decision of the admiralty court in British Columbia.

In order to remove the difficulties in which the company found itself chapter 63 of the statutes of 1931 was enacted, section 3 of which reads:

Notwithstanding anything in this or any previous act of the Parliament of Canada, it is hereby declared that the bridge heretofore constructed by the company across the Second Narrows of Burrard inlet shall be deemed to be a bridge constructed in accordance with the terms of the act incorporating the company, chapter seventy-four of the statutes of 1910, and amending acts, and of the Railway Act, and shall not be construed as an interference with navigation.

Section 4 is particularly important, and it states—

Mr. Speaker: I fail to see what these references have to do with the principle of the bill. The hon. member is giving a lot of interesting information, but the only thing the house has to decide is the principle of whether or not the company shall be given the power to pay its directors. Now the hon. member may relate all this to the question of the payment of directors, but if he is not heading in that direction I would ask him to get back to the point.

Mr. Drysdale: Perhaps the argument is a little tenuous, but nevertheless I would assure you, Mr. Speaker, I am leading up to that point. The difficulty I was trying to illustrate there, is that, as a result of the collision, it would cost approximately $1 million to put in this new 300-foot span. The municipalities, who had guaranteed the bonds necessary to finance the new span, and indeed the company, got into a very serious position. The federal government under R. B. Bennett came to the rescue in 1935. At that time the federal government advanced the $1 million necessary to continue with the construction of the bridge. The bridge was constructed and the connection between North Vancouver and the city of Vancouver was renewed following a disruption of some three or four years because of the litigation.

The bridge was taken over by the National Harbours Board until 1951, and at that time was returned to the municipalities. As I mentioned, 1952 was the first time that the tolls on the bridge realized by the municipalities were confirmed as the actual property and entitlement of the municipalities. We have now reached the position, where the bridge is under the complete control of the municipalities. As a matter of fact, I believe last year a profit of some $321,000 was realized, and there was a 40 per cent dividend returned.

As some of the previous speakers have mentioned, adjacent to this bridge there is the Second Narrows bridge which suffered an unfortunate accident recently. When that bridge is completed it will be diverting revenues from the existing bridge. We have a situation, and I am coming to the point, where the directors are taking the attitude that they will give themselves remuneration. Although the hon. member for Vancouver-Burrard (Mr. Taylor) gave us an excellent dissertation on the background of this particular bill, at no time did he state that the councils of the respective municipalities were in unanimous agreement that this remuneration be paid to the directors. I feel that I cannot support the bill until I am assured that the municipalities are giving their whole-hearted support to it.

I am not inquiring as to the position taken by any member of the council, but we are rather in this position where the directors are suggesting the granting of an increase to themselves, and in all likelihood the municipal councillors will be the individuals who will be receiving the proxies from the municipalities so they will, in effect, be voting this amount of money to themselves. In view of the relatively small amount, which is approximately $1,200 for the president, who is also a director, and the $500 a year for the other directors, I cannot see the necessity for this bill. If it is felt that the directors should receive remuneration, I would be glad to give my whole-hearted support on the basis that, first of all, the councils give a unanimous indication they are supporting this measure.

Mr. Winch: As shareholders.

Mr. Drysdale: Yes; I thank the hon. member for Vancouver East (Mr. Winch). I would support it on the basis that the councillors give their whole-hearted support as shareholders to the idea of these payments and, secondly, I would go so far as to say that the amount to be paid to the directors would be unlimited. Then the municipalities would have the discretion as to the amount to be paid.

[Mr. Drysdale.]

I have risen to speak on this measure because I feel that the councillors and municipalities are performing a public service, and we will have a situation where one or two members of the council will become directors and therefore entitled to extra remuneration as compared with the other members of the council. I feel that this will breed a sense of inequality, and take away from the finer service functions which the councillors perform. I feel, therefore, for the reasons I have stated, and because of the reservations I have made, I cannot support this bill.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, as a result of the excellence of the arguments that have already been put forward, I shall have very little to say. I think you will have noted that this is the first time for many long years that a private bill has really been considered as a private bill by the members of this house. Thus far, we have had one member speaking on behalf of the bill and two members of the same political party opposing the bill. I feel that this attitude towards private bills is to be heartily welcomed. I say that this is unique, at least over the past number of years.

I, like the member for Vancouver East (Mr. Winch) was very surprised indeed at being faced with this bill at the present time. I have not heard of any representation made by the city of Vancouver, the district of North Vancouver or the district of West Vancouver for endorsation of the principle of this bill. I feel there is a vital principle involved in that one appointee of a municipal council is going to be placed in a preferred position over other appointees. When I think of the appointee of a council to a hospital board I immediately realize that that appointee has more work to do, has far greater responsibility and—certainly over the last few years—has had much more anxiety than has the appointee representing the council on this bridge company's board.

I very much regret this bill has come before us in this manner. I find it almost beyond my ability to vote against a request made by public servants, especially municipal servants. I do not like to vote against the principle of the bill until I have had the chance to examine it much more closely and it is for that reason that I move:

That the bill be not now read a second time but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines.

We in this group have a tremendous respect for our municipally elected officers and I do not like to vote against something for which they have asked without having

thoroughly convinced myself that the principle is in fact wrong. If it is wrong we would, of course, have to vote against it but if we find the principle is not as we imagine it to be we shall be most happy to support the bill when it comes before this House of Commons for second reading.

Mr. J. F. Browne (Vancouver-Kingsway): Mr. Speaker; I would like to take issue with one or two things which have been said during this debate and to put forward one or two proposals.

First of all, we have heard from two previous speakers of their concern for the taxpayers. I realize, of course, that it is the duty of every one of us to protect the interests of the taxpayers but, at the same time, I feel if these directors are entitled to remuneration for the job they are doing, if they are earning that pay, this argument on behalf of the taxpayers is not a legitimate one. If they are doing a good job they are entitled to remuneration.

Mr. Winch: How about the hospital boards, the library boards and the school boards?

Mr. Browne (Vancouver-Kingsway): I have not said anything about them, but if the hon. member would just wait for a moment I will tell him what I have in mind. I feel that protection of the taxpayer is not a legitimate argument against paying the remuneration to which such directors are entitled. What we must find out is whether they are so entitled and in looking back over the history of the legislation I find in the early days of its existence provision was made for the payment of directors in such a case. Perhaps the mover of the bill might let us have some information on this aspect of the matter because somewhere along the line, in connection with the amendment as to who would comprise the board of directors, that particular provision seems to have been dropped.

I have looked back over all the discussions which have taken place with respect to this act since its inception in 1910 and I cannot find any particular reason as to why this provision was dropped. We have been told that the shareholders are the municipalities and the city of Vancouver and as shareholders, the municipal councils and the city council are apparently the authorities which will be setting these payments. I can therefore see no reason why we should place any limit upon such payments as has been suggested. If these bodies will be deciding who the directors should be and how much they should be paid, the setting of a limit would also be their responsibility.

The hon. member for Burnaby-Richmond (Mr. Drysdale) mentioned that this board should be paid directly by the city or the municipal council concerned, but I think the imbalance of shares makes this proposal impractical. We have been told that they will not all hold an equal quantity of shares and that although Vancouver will appoint a director that city has only a very small amount of shares. I would also like to point out that although this company has been formed since 1910 it apparently did not start operating until 1925 and so far the directors have not been paid—

An hon. Member: Six o'clock.

Mr. Winch: Hang on for 60 seconds and you can talk it out.

Mr. Browne (Vancouver-Kingsway): It has also been said that they have been incurring expenses. I would like to know if such expenses have been incurred what they have been doing all these years with respect to reimbursement and just what expenses have in fact been incurred. Perhaps the mover of the bill could inform us in this respect, and what further expenses might be expected to be incurred.

Mr. Speaker: It being six o'clock, is there anything to be said about the business for Monday?

BUSINESS OF THE HOUSE

Mr. Nixon: I wonder if the house leader would indicate the business of the house for Monday.

Mr. Green: On Monday we shall have a supply motion and after we get into supply we will have the estimates of the Department of Trade and Commerce.

Mr. Speaker: I take it there is no arrangement about this matter; it is just a supply motion?

Mr. Green: Yes.

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

Questions

ANSWERS TO QUESTIONS

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

NATIONAL DEFENCE—PREVAILING RATES EMPLOYEES

Question No. 70—**Mr. McWilliam:**

1. What number of prevailing rate civilian employees are in the Department of National Defence?
2. How many are veterans of the armed services?
3. How many of these veterans will qualify for three weeks vacation under the proposed regulations that the period in which they served in the armed forces will be taken into consideration in computing 15 years of service?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. 21,535.

2. 9,233.

3. As of July 1, 1958, 195 veterans qualified for three weeks' vacation under the new prevailing rate regulations.

NATIONAL DEFENCE—TRAVELLING ESTABLISHMENT COMMITTEE

Question No. 93—**Mr. McWilliam:**

1. Is there a travelling establishment committee or a complement committee for the Department of National Defence which makes periodic inspections of national defence establishments and which recommends decreases or increases in (a) civil service staffs; (b) civilian prevailing rate employees?
2. If so, how many members comprise this committee and what departments do they represent?
3. At what intervals does this committee make inspections and are the inspections made on the ground at each establishment?
4. When will the next inspections be made at (a) Renous naval ammunition depot; (b) Chatham R.C.A.F. station; (c) St. Margarets R.C.A.F. station, New Brunswick?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2. Each of the three services has its own establishment or complement committee. The personnel of these committees varies as between the three services, but all contain a representative of the deputy minister's office, and a representative of the civil service commission staff. These committees make recommendations regarding numbers and categories of both service and civilian personnel. The recommendations of these service establishment or complement committees regarding increases or decreases in the numbers of civilian positions, both annual salaried and prevailing rate, are considered by the Department of National Defence and the civil service commission before the Minister of National Defence formally requests treasury board action to amend establishments.

3. There is no fixed interval for making establishment reviews, although such reviews are normally conducted at intervals of two to three years. In some cases, on the ground inspections are made by investigators who report to the committee; in other cases, such inspections are carried out by one or more members of the committee; in still others, on the ground inspections are not deemed to be necessary.

4. (a) Autumn 1959; (b) a study was carried out at this station in May of this year and it is anticipated that a further study will be made in 1960; (c) summer 1958.

POSTAL STATIONS, DOLLARD COUNTY, QUE.

Question No. 129—**Mr. Rouleau:**

1. Since June 10, 1957, has the government received representations from Mr. Maurice Cousineau, mayor of the city of St. Laurent, requesting the building of new postal stations in the county of Dollard, Quebec?
2. If so, in what locations?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. No.

2. See answer to No. 1.

EMPLOYMENT OFFICE, WATERLOO, QUE.

Question No. 133—**Mr. Boivin:**

1. Have representations been made to the Minister of Labour or any officials of his department asking for the establishment of an employment office at Waterloo, Quebec?
2. If so, by whom?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Yes.

2. (a) To the Minister of Labour by the secretary-treasurer of the corporation of the town of Waterloo; (b) to the chief commissioner of the unemployment insurance commission by the hon. member for Shefford, Mr. Marcel Boivin.

ARMY BENEVOLENT FUND, N.B.

Question No. 136—**Mr. McWilliam:**

1. What are the names and addresses of the New Brunswick members of the army benevolent fund board?
2. What amount of money is now on hand for disposition of this board?
3. What has been the annual decrease in the New Brunswick army benevolent fund, each year since 1947?

Answer by: **Hon. A. J. Brooks (Minister of Veterans Affairs):**

The army benevolent fund board reports as follows:

1. The army benevolent fund is administered in the province of New Brunswick by the New Brunswick committee of the army benevolent fund. Members of this committee are not members of the army benevolent fund board. The names and addresses of the New Brunswick committee are: Chairman, Lt. Col H. G. Crocker, ED, Newcastle, N.B.; member, Major H. R. Sheehan, Saint John, N.B.; member, Major A. E. Bruce, Saint John, N.B.; secretary, Mr. B. R. Doucet, Saint John, N.B.

2. The net worth of the army benevolent fund as at 31 March, 1958 was: $7,517,395.

3. As no allocation of the moneys held by the fund was made to provincial committees, it cannot be said that there has been a decrease in respect of New Brunswick. However, the following table shows disbursements of the fund in the province of New Brunswick since inception by fiscal year:

1947/49	$23,156*	
1949/50	13,447	
1950/51	22,934	
1951/52	23,354	
1952/53	36,528	
1953/54	44,060	
1954/55	49,856	
1955/56	39,183	
1956/57	39,635	
1957/58	46,606	$338,759

*Expended by army interim benevolent fund.

The figures reported in the above table are taken from ABF claims review analysis.

[The following items were passed in committee of supply.]

DEPARTMENT OF PUBLIC WORKS

350. Ontario, $11,642,900.

351. Manitoba and Saskatchewan, $215,000.

352. Alberta and Northwest Territories, $219,000.

353. British Columbia and Yukon, $2,739,000.

354. Construction or acquisition of buildings, works, land and equipment, $200,000.

355. To provide for remedial works where damages are caused by, or endanger, navigation or Federal Government structures and to complete protection works already under way, $800,000.

356. Repairs and upkeep, including reconstruction and replacements for the maintenance of services; to provide for wharf repairs at Ste. Angele de Laval, Quebec; and to authorize commitments against future years in the amount of $420,000, no new works to be undertaken, $3,000,000.

Dredging—

357. Maintenance and operation of plant and contract and day labour works, $3,465,000.

358. Construction or acquisition of plant and equipment, $900,000.

359. Maintenance and operation of graving docks, locks and dams, $1,050,000.

Development Engineering Services—

360. Canada's share of the cost of international and interprovincial bridges, as detailed in the estimates, $500,000.

361. Towards replacement of low level Burlington canal bridge, $500,000.

362. Perley bridge, between Hawkesbury, Ontario and Grenville, Quebec—improvements, $55,000.

363. Towards an investigation to determine the feasibility of constructing a proposed causeway across Northumberland strait, including the opening of a test quarry, $200,000.

364. Roads and bridges—maintenance and operation, $178,745.

365. Testing laboratories—operation and maintenance, $869,022.

607. Ontario, $271,000.

608. British Columbia and Yukon, 964,500.

Dredging—

609. Construction or acquisition of plant and equipment—further amount required, $333,500.

610. Maintenance and operation of graving docks, locks and dams—further amount required, $76,000.

Development Engineering Services—

611. Towards an investigation to determine the feasibility of constructing a proposed causeway across Northumberland strait, including the opening of a test quarry—further amount required, $160,000.

HOUSE OF COMMONS

Monday, July 7, 1958

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO VISITORS IN GALLERY FROM NIGERIA

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am sure hon. members of the house would want me to direct their attention to the fact that in the diplomatic gallery there is a parliamentary delegation from the house of representatives of the Federation of Nigeria. The delegation composed of eight parliamentary members is under the leadership of Chief Oweh, parliamentary secretary to the minister of internal affairs. Their visit is one of a continuing series of visits first to the United Kingdom, now to Canada and later to the United States of America, and their purpose is the study of the parliamentary institutions in those countries.

I am sure I speak for all hon. members in welcoming them, and in expressing the hope that their stay in our midst will be profitable and enjoyable.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of our party I should simply like to join the Prime Minister in the very fitting and warm welcome he has extended to the distinguished representatives of a sister country in our commonwealth.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to associate hon. members of this group with the Prime Minister and the leader of the official opposition in welcoming this very distinguished group of members of the house of representatives of Nigeria.

My colleague from Vancouver East (Mr. Winch) and I had the privilege of having lunch with them, and we learned a great deal at lunch time about the workings of democracy in this new nation which is part of the commonwealth. We learned from them that they share some of our experience, in that they are looking forward to an election in that country within the next two years and, being a democracy, they are looking forward to that election with keen interest. It is a real pleasure for us to see Nigeria taking its place amongst the democratic nations of the world, and we wish these representatives and their nation the best in the years ahead.

INDUSTRIAL RELATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. R. H. Small (Danforth) moved that the first report of the standing committee on industrial relations, presented to the house on July 4, 1958, be now concurred in.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Alexis Caron (Hull): Mr. Speaker, I ask that a correction be made according to my demand of the other day that it was not unanimous but on division.

Motion agreed to on division.

MOTION FOR PAPERS

BEAM STATION ROAD, TERRACE AIRPORT, B.C.

Motion No. 20—**Mr. Howard:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government, or any of its departments, and the government of British Columbia or any other organization or person, dealing with the use of the beam station road at the Terrace airport by the British Columbia provincial government or by any other person.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have discussed this motion with the hon. member and he has indicated that it will be satisfactory to him if the correspondence since July 1, 1957, is produced. Subject to this, and the usual reservation as to the consent of the province, I have no objection to the motion.

Mr. Speaker: Is the motion agreed to, subject to the qualifications stated by the minister?

Motion agreed to.

EXTERNAL AFFAIRS

PRESIDENT EISENHOWER—INQUIRY AS TO SUBJECTS TO BE DISCUSSED

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the fact that the President and the Secretary of State of the United States have indicated in some detail the nature of the visit they are making to Ottawa and the subjects that will be discussed, and in view of the fact that the Prime Minister himself made a statement about this over the air last night, would he

now inform the house as to the nature of the visit and perhaps in a general way the subjects that may be discussed?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, first may I say that Canadians as a whole are looking forward with anticipation to the visit of the President of the United States, renewing, as he will, the relationships which were so close during the days of war, and also on this occasion renewing the friendships that he made on previous occasions, first when he was here immediately after the war and then again in November, 1953, when he addressed members of parliament.

I think in general one might summarize those discussions as being informal, designed to achieve an exchange of views between our countries. There will be no set agenda, as I am sure my hon. friend the Leader of the Opposition will realize, but of course consideration will be given to various matters which are of immediate interest and importance, both internationally and nationally.

In the international field I would expect an exchange of views regarding the present situation as between the free world and the U.S.S.R.; consideration of the question as to summit talks and the possibility of those talks being inaugurated; the general subject of disarmament with particular reference to our own country and collaboration existing between Canada and the United States, and the matter of Arctic inspection.

Then, too, in the economic field I would anticipate that there would be very considerable attention paid to the economic offensive of the U.S.S.R. everywhere in the world, the effect of which, unless there is a large degree of co-operation among the member nations of the free world, might be apt to be detrimental to that degree of unity so necessary today.

In so far as our relationship with the United States directly is concerned, trading problems will of necessity receive consideration. In that connection I would consider that some of those matters that have received the attention of members of the government, as well as those dealt with in recent speeches by the Leader of the Opposition, will be of foremost importance. The disposal of surplus wheat and other agricultural products by the United States is one matter, of course, that will again receive consideration. The marketing of Canadian oil in the United States is another. The question of the export of zinc and copper to the United States is another. I would also think that aluminum and nickel are two other commodities to which reference will be made and representations considered.

[Mr. Pearson.]

Personally I should like to see agreements arrived at whereby there would be a more continuous exchange of information on cabinet level than has been the case heretofore; in other words, that the joint United States-Canadian cabinet committee should meet more regularly. Indeed, I feel that once a year is insufficient to assure that full discussion and consideration which the economic problems between our countries deserve and demand. My hope is that consideration will be given to the setting up of an informal committee of members of parliament and members of the congress of the United States, to the end that in meeting together from time to time many of the problems which are difficult of solution will be accelerated toward solution by each of us realizing the problems of the other country.

In short, the purpose of this meeting as I envisage it is simply one of exchange of opinions and, above all, that each of us will do our respective part to resolve any difficulties that exist from time to time between our countries. I hope that agreements to be arrived at will be beneficial not only to our own countries but to the maintenance of freedom everywhere in the world.

STATEMENT ON TABLING OF PROCEEDINGS OF U.S. SENATE COMMITTEE

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): I should like to answer a question asked of me by the Leader of the Opposition on May 20. He said:

> I wonder whether the Secretary of State for External Affairs would consider tabling the hearings before the special committee of the United States Senate on Canadian-American relations, in view of the widespread interest which I am sure exists on the part of all hon. members in this matter?

At that time I replied that I did not have these papers in the department, and I did not know how I could then comply with the proposal. However, the proceedings of that particular session of the United States Senate committee on foreign affairs have now been published. They were published at the end of last week, but the final text was not available to the department before last Thursday.

Hon. members will recall the proceedings to which the Leader of the Opposition referred; that is, those held on May 16 at which the ambassador from the United States to Canada, Mr. Livingston Merchant, and Professor Percy E. Corbett, of the centre of international studies at Princeton University, testified.

I should like to inform the house that copies have been made available in the library of parliament. I consider that it would not be proper to table the official text in the house,

because it is stated in the printed proceedings that are now available to us that the text is printed "for the use of the committee on foreign relations."

ST. LAWRENCE SEAWAY

INQUIRY AS TO COMPLETION OF ALL-CANADIAN ROUTE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Prime Minister. Will the Prime Minister tell the house if the government intends to act soon on Premier Frost's suggestion that Canada should proceed as quickly as possible with the construction of the remaining parts of an all-Canadian route of the St. Lawrence seaway?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, not that I am objecting to it, but the hon. gentleman did not give me any notice of this question. I will take it as notice. It is rather too comprehensive for an off the cuff answer. I shall reply in due course.

VISIT BY PRIME MINISTER—REQUEST FOR AIRPORT AT CORNWALL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct another question to the Prime Minister, of which I did not give him notice but I do not think he will require notice in this case. My question is based upon a press release emanating from his office in connection with the inundation ceremonies visit which he made to Cornwall on Friday. The press statement gives the reasons why the Prime Minister decided to go by motor car, and with those reasons I certainly am not one who will find fault. But the press statement contains this amazing declaration:

> Mr. Nelson explained that Mr. Diefenbaker could not use a DC-3 for the flight to Cornwall because the Cornwall airport is not large enough to accommodate this twin-engined aircraft.

My question is this. In view of the fact that there is no airport at Cornwall, will the government give consideration to including in the further supplementary estimates an item to cover construction of an airport for this seaway city, which is now extremely important because of the fact that it finds itself in the centre of power and navigation facilities?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there is an obvious error in that statement. The place of landing was not Cornwall and the difficulties of landing had no reference to Cornwall; I think it would have been necessary to land in another country. In reference to the warm request by my hon. friend for an airport in Cornwall, may I say this. I can appreciate the hon. gentleman's tremendous interest in this matter. I am just wondering why a similar interest was not shown in the past. Ever since 1954 the importance of Cornwall and the St. Lawrence waterway was apparent. I am just wondering once more why there should be the sudden interest additional to, of course, the difficulty that I would have experienced in landing in Cornwall where there is no airport.

Mr. Chevrier: May I ask a supplementary question. In view of the fact that the former administration included in the estimates an item for an airport at Cornwall, will the Prime Minister see that the government carries out that project?

Mr. Diefenbaker: Mr. Speaker, I shall look over those estimates of the former government, and they will receive the attention they deserve.

ATOMIC ENERGY

STATEMENT ON CANADIAN PARTICIPATION IN AGREEMENT AS TO USE FOR DEFENCE PURPOSES

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): On Friday last the Leader of the Opposition addressed this question to me:

> In view of the pattern of three-power co-operation developed during world war II on atomic matters, could the minister inform the house whether Canada will be invited to join in the agreement signed, I think, the day before yesterday between the United Kingdom and the United States for co-operation on the use of atomic energy for defence purposes?

If I may quote the words of the Prime Minister, that request was too comprehensive for me at the time and I took it as notice. The simple answer to the question is that Canada, while kept informed of developments by both London and Washington, did not join in what according to my understanding is a bilateral agreement between the United Kingdom and the United States. It is true that there was tripartite co-operation during the war on atomic energy matters, and I feel confident that such co-operation would be reactivated if and when necessary.

Since the war, however, co-operation with the United States in this field has for the most part assumed a bilateral form. As the Leader of the Opposition will undoubtedly recall, Canada and the United Kingdom have had bilateral agreements with the United States in the atomic energy field, both civil and military, for some years. My understanding is

that the United Kingdom requirements, which are different from Canadian requirements, are such as to call for a new agreement at this time between those two countries.

The new agreement has been made possible by recent amendments to the atomic energy act authorizing congress to expand the areas in which United States information could be given to a friendly country which has made substantial progress in the development of atomic weapons. When and if Canadian requirements call for a supplementary agreement with the United States, the house can assume that a similar course will no doubt be followed. Canada at this time does not qualify for that type of agreement prescribed by the amendments to the atomic energy act of the United States congress.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, arising out of the answer which my hon. friend has given, could he give the house the assurance that the bilateral arrangement to which he referred as between the United Kingdom and the United States will not interfere with the pattern of three-power co-operation in atomic matters which developed during the war and was continued after the war?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, I can give that full assurance, as I endeavoured to say in reply to a question relating to the amendments to the atomic energy control act last week. We are hopeful in Canada that the amendments will be liberally interpreted and that the co-operation between the United States and Canada in this field will be even greater.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Labour; I am sure he will not mind my not having given him notice. I wonder whether the minister could make a report, even if it is only an interim progress report, of the meetings which I understand were to be held today between representatives of Canadian Pacific Steamships and the seafarers international union with regard to the strike on the west coast?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, meetings have been held with the C.P.R. and the representatives of the S.I.U. They have been adjourned until 3.30 p.m., at which time we will again resume our talks.

[Mr. Smith (Hastings-Frontenac).]

PUBLIC SERVICE

OTTAWA—INSTALLATION OF AIR CONDITIONING IN GOVERNMENT OFFICES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As he is the minister directly concerned with the welfare, morale and contentment of the civil service, I wish to address a question to the Secretary of State.

In view of the fact that Canadian military and civilian personnel work in the latest air-conditioned comfort in Canada's new $2,800,000 military joint staff building in Washington, D.C., would the minister inform the house if the government is giving consideration to the installation of the equipment required to provide similar working conditions for the Canadian civil service in Ottawa?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the hon. member should have asked that question while the estimates of the Department of Public Works were under consideration.

REPORTED NEGLECT BY PRIME MINISTER TO ANSWER COMMUNICATIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Prime Minister based on a Canadian Press dispatch of July 5, according to which Mr. Fred Whitehouse, president of the Civil Service Federation of Canada, made the statement that three letters and telegrams addressed to the Prime Minister relating to three proposals, including an increase in the salaries of civil servants, have not yet been acknowledged or replied to.

In view of the need to keep morale in the civil service as high as possible, can the Prime Minister say what consideration has been given to these requests?

Right Hon. J. G. Diefenbaker (Prime Minister): I received a telegram from Mr. Whitehouse, and I should like to contradict a statement attributed to him which is as follows: "Angry at what he described as the discourtesy of the Prime Minister." Mr. Whitehouse said in this telegram: "I emphatically deny making such a statement and offer an apology for any embarrassment such a report...may cause you."

Mr. Argue: I wonder if the Prime Minister could say when a decision is likely to be made on this and the other questions, including collective bargaining?

Mr. Diefenbaker: I would not like to say. That is a decision that will be arrived at after full consideration of all the pertinent factors.

TRADE

COMMUNIST CHINA—REPORTED PROSPECTIVE VISIT BY MINISTER

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce, arising out of a Canadian Press dispatch in the Montreal *Gazette* of July 5 which stated that Canada is beginning a big push to build up trade with communist China, and that it had been learned that the minister might visit Peking in the fall. Can the minister say whether such a visit is planned by himself? Does he intend to take with him a substantial delegation, such as went to the United Kingdom, and would he consider strengthening the delegation with other senior members of the government in order that this big push might come off and trade with China be expanded?

Hon. Gordon Churchill (Minister of Trade and Commerce): I am very much afraid I shall not take the hon. member for Assiniboia along with me on this projected tour which, as he knows, is based on press speculation, as I pointed out in a television broadcast that same evening. There is no question at all about the desire, and the will, and the activity of the government with regard to promoting trade all over the world, and if it is possible to increase our trade with China we will do that. Whether it can be best done by this method or by some other method is a matter for consideration.

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Secretary of State for External Affairs, in view of the somewhat hopeful final sentence used by the Minister of Trade and Commerce in replying to the last question. Has the government of Canada given any reconsideration to the recognition of the government of China, as the first necessary step toward building up the trade so urgently needed by Canada at this time?

Hon. Sidney E. Smith (Secretary of State for External Affairs): That is a matter of government policy. If and when a decision is reached it will be duly announced.

Mr. Argue: There is no big push.

WAR SURPLUS EQUIPMENT—INQUIRY AS TO IMPORTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Has the minister or the government received any protests from any associations in Canada regarding the importation of war surplus equipment, especially with regard to the case of two recent shiploads of such American equipment received in Canada by way of Japan. If so, what consideration has the government given to such representations?

Hon. Gordon Churchill (Minister of Trade and Commerce): This is a question which does not directly concern the Department of Trade and Commerce.

[*Later:*]

Mr. Fisher: Mr. Speaker, since my question is not one for the Minister of Trade and Commerce, may I direct it to the Prime Minister and ask him to take it as notice.

Has the government received any protests from any associations in Canada regarding the importation of war surplus equipment, especially with regard to the case of two recent shiploads of such American equipment received in Canada via Japan? If so, what consideration has the government given to such representations?

Hon. George C. Nowlan (Minister of National Revenue): These matters come under my direction. There have been representations to the government, at least to the Department of National Revenue. I have received several telegrams and communications on this matter within the last few days. These questions are now receiving consideration by the government.

TRANSPORT

OLD WELLAND CANAL—INQUIRY AS TO CLEAN-UP

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I wish to address a question to the Minister of Transport. I may say that the hon. member for Lincoln (Mr. Smith) is also greatly interested in this question. I am glad to see that he is fully recovered and that he has returned to this house.

When does the government propose to proceed with the old Welland canal clean-up, and rehabilitation of lands in the municipalities of Thorold, Merritton and St. Catharines?

Hon. George H. Hees (Minister of Transport): Engineers are preparing plans for this operation, and tenders will be called in the course of the next few months.

POSTAL SERVICE

REQUEST FOR TWICE-DAILY DELIVERY

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I also would like to say a word of welcome to the hon. member for Lincoln

(Mr. Smith) as one who comes from the Niagara district, and say how happy I am to see him back in his seat.

I should like to ask a question of the Postmaster General. Would the minister care to advise the house whether the government intends to institute twice-daily delivery service in residential districts of Canadian communities?

Hon. W. M. Hamilton (Postmaster General): Not in the next few weeks, at least.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Finance. I regret not having given him notice, but it was only a few minutes before coming to this house that I read the article which appeared in one of the Newfoundland local papers on July 4 which prompted the question.

Will the Minister of Finance inform this house if the McNair commission report on term 29, which I understand is still in the hands of the printer, is expected to be tabled in this house in approximately two weeks?

Hon. Donald M. Fleming (Minister of Finance): I have had no indication as to when the report is likely to be received.

POST OFFICE DEPARTMENT

GLACE BAY, N.S.—REPORTED REDUCTION IN STAFF

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, I wish to direct a question the Postmaster General. Would the minister care to comment upon reports that the mail carrier staff in the town of Glace Bay, Nova Scotia, is to be reduced?

Hon. W. M. Hamilton (Postmaster General): I have had no notice of this question. I will be glad to get this information and inform the hon. member.

FISHERIES

BUCTOUCHE BAY, N.B.—REPORTED CLOSING OF QUAHAUG BEDS

On the orders of the day:

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In view of the relative importance of the quahaug fishery in the Buctouche bay area, and in view of prevailing reports that this fishery henceforth will be closed due to the recent transplanting of disease-resistant oyster stocks in that same area, could the minister inform the house what action, if any, is contemplated by the government relative to this issue?

Hon. J. A. MacLean (Minister of Fisheries): I wish to thank the hon. member for having given me notice of this question. I am happy to inform him that the reports to which he refers do not accurately reflect the situation. While it is true that the Department of Fisheries has closed quahaug fishing in the immediate areas where disease-resistant oysters have been transplanted, there is still a large part of Buctouche bay open to quahaug fishing.

[Later:]

Mr. Michaud: Mr. Speaker, supplementary to my question of a few minutes ago may I ask the following. The minister indicated that part of the Buctouche bay area is still open for quahaug fishing. I take it from his reply that it is still the intention of the department to keep that section open in the future.

Mr. MacLean (Queens): Yes, Mr. Speaker, that is correct. The only areas that will be closed to quahaug fishing will be those in the immediate vicinity of where disease-resistant oysters have been transplanted.

MIRAMICHI, N.B.—REPRESENTATIONS RESPECTING CHANGE IN SEASON

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. On Tuesday last the minister stated in answer to a question that no request had been received seeking a change in the New Brunswick fishing regulations to eliminate the two-week lift period for Atlantic salmon net fishing. I should like to ask the minister whether he has received any representations since he gave that answer.

Hon. J. A. MacLean (Minister of Fisheries): I will check, and give the hon. member an answer tomorrow.

COAL

DOSCO—INQUIRY AS TO CONCLUSION OF AGREEMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I might direct a question to the Minister of Mines and Technical Surveys. Would the minister tell us whether a formal agreement has yet been concluded with Dosco with respect to assistance in carrying the company's coal stockpile and, if so, could it be tabled in the house?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): A formal agreement has not yet been reached; nothing official has been done. However, we expect to be in a position to inform the house with regard to this matter in a very short time.

Mr. Pickersgill: Might I ask the minister whether, in the course of negotiations or conversations with the company, any representations have been made urging the company to establish its additional steel making facilities at Sydney?

Mr. Comtois: Not to my knowledge.

HEALTH INSURANCE

BRITISH COLUMBIA—TABLING OF CORRESPONDENCE ON ALLEGED SIGNING UNDER PROTEST

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, further to the question asked by the hon. member for Welland on July 2 concerning the reported protest of British Columbia in the signing of an agreement under the Hospital Insurance and Diagnostic Services Act, I have received approval from the minister of health for that province for the tabling of the relevant correspondence. I will now table these communications, which I think the house will agree provide a satisfactory answer in this connection.

As for the second point raised by the hon. member for Welland, I would inform the house that none of the provinces voiced any specific protest in signing hospital insurance agreements. They had, however, made representations from time to time concerning certain aspects of the program, all of which have been discussed on a number of occasions in this house.

By way of comment, I can do no better than refer to the assurance I gave to the minister of health of British Columbia on June 13, contained in my letter tabled today, to the effect that the federal government will be at all times prepared to give consideration to any changes which require to be made in the light of experience, and particularly as they may involve a common measure of justice and equity for all the provinces.

PIPE LINES

ALBERTA-MONTREAL—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, on July 3 I asked a question relevant to the Alberta-Montreal pipe line. On that occasion the Acting Prime Minister (Mr. Green) told me that he would take the question as notice. Is an answer possible today?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is not.

Mr. Caron: A supplementary question, Mr. Speaker. Is the Prime Minister in a position to tell me when he will be able to answer that question?

Mr. Diefenbaker: Mr. Speaker, the answer is also no.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

NATIONAL DEVELOPMENT POLICY

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this motion gives me an opportunity to raise a matter of very great importance, namely a national development policy, and at the conclusion of my remarks to move an amendment concerning it. I hope to deal with this matter myself in fairly general terms, and subsequently my colleagues who are participating in this debate will deal with somewhat more detailed matters arising out of the question.

In a young and rapidly growing country like Canada—and we are young and rapidly growing—it is essential to have a flexible national development policy adapted to the changing needs of our people. If indeed flexibility in this field is not preserved, if the aims and contents of our national development policy do not rest upon a systematic national assessment of our changing economic and social requirements, overexpansion may result in certain sectors and certain regions while others may suffer from stagnation and underdevelopment. In other words, unevenness of economic development is a major danger to our economy. Indeed, our history shows that it is also a danger to our unity.

It would be useful in opening this discussion, I think to review very briefly the historical evolution of our national development policy which, as I see it, has been marked by three distinct periods. The first, of course, is the Macdonald era, from 1867 to, I suppose, about 1895. It was characterized by the acquisition of Rupert's land and the Northwest Territories, by the construction of railways and canals and the implementation of the national policy in 1878. In spite of the unfavourable impact of that policy on our maritime provinces, the aims and contents of the policy in other respects were, I think, adapted to the economic circumstances of that period. Indeed, it was essential at that time to create an economic frontier and for that purpose to provide

transcontinental transportation facilities which were of vital importance not only economically but also politically.

Nevertheless, in spite of what I think we might fairly term Sir John A. Macdonald's dynamic—and, if you like, imaginative—policy, economic development throughout that period was very slow. It has been estimated that over one million Canadians emigrated to the United States from 1860 to 1890. Yet I think we must all recognize, wherever we may sit in the house and whatever our political views may be, that the basis for our future growth was laid during that period. The Canadian people, I am sure, will always admire and be grateful to Sir John A. for his great vision and his great achievements despite the unfavourable economic climate of that time.

Then from the end of that period, 1896, to the great depression of the 1930's we had, I think, another period in our national development, a period during which of course there was no uninterrupted succession of Liberal governments because we had the government of another great Canadian, Sir Robert Borden, during that time and we also had the first world war. I think, however, it is not unfair to characterize that second period as the Sir Wilfrid Laurier-Mackenzie King era.

That was a very great and active period in our history marked by the opening up and the settlement of the west. During that time wheat production became complementary to the manufacturing production of the east and indeed, I suppose, during those years it is not an exaggeration to say that wheat dominated the economic scene. It became of vital importance in our international balance of payments; and the wheat economy, the opening up of the west, became of very great importance also in providing a market for the manufactures of the east.

That period perhaps came to an end in 1930, with the transfer of natural resources to the provinces and the great depression of that decade. During that decade of the 1930's—we all remember those years—the country was preoccupied with getting out of the depression; and then came the second world war, when main emphasis of course had to be placed on defence and indeed on survival.

During those two earlier periods our national development policy was, I think, bold and imaginative; but we must not forget, especially in regard to the problems of the present and what we should do about them, that that policy often lacked proper balance and that occasionally it put the emphasis in the wrong direction, with the result that at times we were overextended or, if you like, overequipped in certain sectors and that we perhaps unnecessarily imposed some heavy overhead burdens on the Canadian economy.

The principal of Queen's, Dr. Mackintosh, for instance, has written about our railway policy in those years; that it had been fantastically optimistic and misdirected. It is generally recognized that some areas in the west which were developed during those periods should not have been devoted to wheat production. Our overexpansion in certain fields unduly increased our overhead costs generally in this country and also prevented us from promoting more desirable projects perhaps in other sectors or regions of the nation.

Now, Mr. Speaker, we come to the third great period in our development, which coincided with the years after world war II. We still remembered then the achievements of the earlier years, but we also coupled with those achievements, as any government I think was bound to do, some of the miscalculations of the past. I maintain that our national development policy during those years after world war II was vigorous, constructive and successful, in spite of heavy public expenditures for defence, unprecedented in our history in peacetime, and in spite of very heavy expenditures for social security. But our development policy during those years was not only vigorous; it was, I think, somewhat better balanced and better planned than it had been before.

Perhaps the main new element in this third period of development was the greater impetus given during those years to the opening up of the northern economic frontier. New transportation facilities were made available for that purpose by the federal government, or with its assistance or permission. I am not going to detain the house, Mr. Speaker, by going into the detailed record of transportation developments during those years; it is there for all to see, and I know that hon. members are aware of it. There was not only road transportation and rail transportation to northern areas, but right across the country there was a vast program of airport construction carried on in the northern part of our territory.

Then we recall that in 1953 a new federal Department of Northern Affairs and National Resources was set up in recognition of the growing importance of our northern regions. Under able and energetic leadership that new department took a very active interest not only in economic development of that vast territory but also in the greater well-being of its population.

The Department of Northern Affairs and National Resources also gave active consideration to the planning of long-term development in the north. This did not begin last year, Mr. Speaker; it began when this department was set up, and only two years after the creation of the department, at the end of 1955, the department presented, through the commissioners of the Northwest Territories and the Yukon, two briefs to the Gordon commission outlining long-term plans for the next 25 years, the implementation of which had begun at that time. These are the two briefs which were presented to the Gordon commission at that time and which provided the basis for planning and development in the Arctic, planning and development which had indeed begun.

I suggest, Mr. Speaker, that these two briefs also formed the basis of the famous vision that we heard so much about during the election campaign. However, during that time we did not hear any mention of the fact that this vision was merely an adapted version of a plan which had been drawn up a few years before and which was being implemented. After the election, however, the Minister of Northern Affairs and National Resources did state—and not very long ago, a few days ago—that there was nothing new in the content of the vision except that the implementation of the Liberal plan on which it was based was speeded up.

I shall come back to that point later, Mr. Speaker. For the moment I just want to say that the Liberal party is proud of its post-war record in the north, both in terms of realization and in terms of planning for the future, but I would add—and this is important to get the matter in perspective—that our national development policy when we were in power was not merely centred on northern development. During the post-war period an impressive program was initiated in the field of transportation and communication generally which is vital to our development, and in the more settled areas of our country. We know what that has included. It has included the transcontinental television system, improved airports and facilities and construction of oil and gas pipe lines. However, the two great projects which perhaps were most characteristic of the bold action taken in this sector during that period were the trans-Canada highway and the St. Lawrence seaway, which is very much in our minds these days and to which the hon. member for Laurier made so great a contribution.

Our national development policy also provided special encouragement to the utilization and conservation of our resources. Extended geological surveys and the special three-year tax exemption period certainly contributed to increased mining operations in Canada. A most spectacular development in that field, one concerning which I have perhaps more knowledge than I have of some of the others, was the development of uranium mining brought about by carefully worked out policies between the producers, the federal government and the provincial governments concerned and also—this is most important—brought about because marketing arrangements were made, satisfactory to the producers, with the government of the United States, which was the only government at that time that could serve as a market for our uranium production. So successful, so spectacular, has that development been—and perhaps the most spectacular part of it is centred around the Elliot Lake-Blind River area—that if it were not for the increased exports of uranium to the United States in the current year our figures for exports to that country would not be nearly as high as they are today.

Then there was federal assistance to the provinces for forest inventories, reforestation and fire prevention, all of which led to a better knowledge of our forest resources and to more efficient measures for the conservation of those resources. Special legislation was introduced to make sure that water resources would be used in the best interests of Canada, and we know the increasing importance of that subject. A special program of assistance for the Atlantic provinces was inaugurated, which certainly comes within the field of national development. This involved coal subventions, mechanization programs, increased assistance under the Maritime Freight Rates Act, the construction of thermal power plants and interconnecting power lines, and the establishment of an interdepartmental committee to make recommendations on the integration and provision of transportation facilities.

Finally, Mr. Speaker, a new element altogether was added to our national development some years ago by assistance to housing and to municipalities. Under the National Housing Act and other legislation the former federal government participated in the construction of several hundreds of thousands of houses throughout Canada. Surely, Mr. Speaker, that is an important phase of national development. Provision was also made under that legislation to pay 75 per cent of the cost of constructing low cost housing for rent, and there was federal participation in redevelopment projects and slum clearance programs.

This review—and it is a very cursory review omitting many things—shows that our post-war period of national development was vigorous and dynamic despite the special

circumstances of that period. Those special circumstances, which made the discharge of federal governmental responsibilities in national development not easy, were outlined by Mr. St. Laurent, prime minister at that time, in his opening remarks at the federal-provincial conference in October, 1955. Among other things he said:

> In its own fields of responsibility the federal government has followed a vigorous policy of public investment since the end of the war, tempered, of course, by the overriding needs of defence in the past five years and also by the need for restraint because of the dangers of inflation and our desire to postpone what could reasonably be postponed so that it would not compete with a high level of private investment.

That was the situation which confronted us in those years when the government attempted to assist by public projects in national development, at a time when the great danger to the economy of the country was inflation, when it seemed undesirable for the government to interfere with private development except in so far as that interference was necessary to facilitate such private development.

Mr. Diefenbaker: What date was that, or what page?

Mr. Pearson: That was in October, 1955 and it is either on page 11 or page 12 of the proceedings of the federal-provincial conference of 1955. The national development policy of the new government was announced in the speech from the throne in October, 1957, but no indication was given then as to its general aims or content or the principles that underlie it. Specific references were made in that speech only to further assistance to power development in the Atlantic provinces, to the South Saskatchewan dam and to the negotiations initiated by the Liberal government with the United States on the question of Columbia river power development.

Since then, Mr. Speaker, nothing has been done as far as we know with respect to new thermal power developments in the Atlantic provinces apart from the signing of a master agreement. Certain Nova Scotia mines are temporarily, and we hope only temporarily, closed. No agreement has yet been reached on the South Saskatchewan dam, a project which we were led to hope would begin last autumn. No report has yet been made to the house on the negotiations with the United States respecting the Columbia river matter. Nor have we heard anything at all about the activities of the interdepartmental committee of officials on transportation in the Atlantic provinces which was set up by the previous government more than a year ago, and which we thought could do useful work in those provinces in developing co-operation between the federal and provincial governments on transportation matters.

During the election campaign the Conservative party put particular emphasis on a so-called special public investment program to meet the recession, and we heard a good deal at that time about the vision of northern development. We contended at that time, and I think the Canadian people now realize, that the special public works program for unemployment relief amounting to over a billion dollars announced by the Prime Minister never in fact existed. In fact, government expenditures for this purpose in 1958-1959 will be roughly about the same level as they were in the previous years of so-called Liberal neglect and postponement. Of course new projects will be initiated in 1958-59, but there is nothing exceptional about this, especially if you take into account the fact that most of these projects were planned and prepared by the former government. Apart from the very limited action taken by the government in co-operation with the provinces with regard to access roads, we are left with vague pronouncements and a post-election works mirage.

Therefore it appears to us, Mr. Speaker, that the government record, especially viewed in the light of the perfervid words of the election campaign, has not yet been very impressive in this field. Certainly so far as the use of these methods for unemployment relief and for curing the recession is concerned the results have been very meagre indeed. But, Mr. Speaker, we are quite ready to wait and give the government a fair chance to show some creative imagination in the pursuit of this national policy. We are ready to help in this regard and make what we think are concrete, constructive and practical suggestions.

Mr. Diefenbaker: From igloo to igloo.

Mr. Pearson: I will come to that also.

Mr. Churchill: You had better crawl out.

Mr. Pearson: I do not have to worry about that, and I will be able to convince my hon. friends without any difficulty.

Now, our only purpose in presenting today the amendment I am about to propose is to call the attention of the government to the need for a new development policy in line with the current economic and social requirements of the Canadian people. These current economic and social requirements have changed even over the last two years.

Up to now, Mr. Speaker, when we have attempted to make any constructive suggestions the government or a spokesman for the government, instead of discussing these

proposals on their own merits, usually has asked the question, sometimes jocularly and sometimes in a worse than jocular way, "Why did you not do it before?" Such a reaction, Mr. Speaker, is not very intelligent nor very serious. It will be more than usually unjustified during this debate because very important changes have occurred in the economic conditions governing the aims and content of our development policy in the last year or so.

These changes, which should be obvious to everyone, are the result of several factors, two of which I should like to mention. In the first place, Mr. St. Laurent asserted in the statement I quoted earlier that our post-war development of this country was tempered by our desire in those years to postpone what could be reasonably postponed so it would not compete with the high level of private investment, and we certainly had a high level of private investment during those years. That factor has disappeared since private investments, for the time being, are certainly declining. Government action now becomes necessary to fill the gap in a way which was not the case two, three or four years ago.

In the second place, some of the major projects in the public investment program initiated by the former government have been completed or will soon be completed. This is true, for instance, in the case of the construction of the seaway, the trans-Canada pipe line, the trans-Canada highway, and several airport and harbour improvements. Other major projects, therefore, must be planned and initiated if the level of public investment in Canada is to be maintained or increased. There is greater necessity for that at the present time than there has been at any time since world war II.

These factors, then, are changing the public investment picture in this country quite drastically at the present time. They call for a new orientation or a new emphasis in our national development policy if we want to maintain the kind of balance and dynamism which we have achieved in the past.

We on this side of the house, Mr. Speaker, feel as we did in the past, that the development of the far north above the 60th parallel is directly the responsibility of the federal government and would continue to be one very important aspect of the national policy. Government assistance to the population in the north is not only desirable but it is necessary.

I do not for one minute, however, accept the contention of Conservative spokesmen in the last election campaign that this kind of program in the Arctic about which they talked at that time, a road program, a transportation program, would have any considerable effect, if any effect at all, in the immediate emergency which confronted us, which was unemployment. It is one thing to put forward a program for national development in the Arctic, but it is another thing to put forward a program of that kind, especially when it is contained in estimates which have already been drawn up, as a cure for the unemployment emergency.

This kind of claim during an election campaign or subsequent to an election campaign, and even if it is made in this house this afternoon, does not make sense. A program of national development in the north to improve transportation and communication for national development purposes, carrying on the planning and development which has been going on for years, does make sense.

There are a good many reasons now, Mr. Speaker, why government action is necessary in this respect in the north to a greater degree than it has been in recent years. In the first place, there is the growing number of companies already located in that region, and their workers, who are entitled to government services. These companies have not come in within the last 12 months. They have been coming in during recent years.

Moreover the local population, the Indians and Eskimos, is now increasing and it is more difficult for these aboriginal people, these earliest inhabitants of our country, to adapt themselves to new conditions. They see their traditional methods of livelihood disappearing. They see new activities coming into their country. They see the basis of their previous existence changing. There is, therefore, a special obligation on the government to help them adapt themselves to the new conditions for which we are largely responsible. This means the government will have to assist the native population to learn new trades and create for them new employment opportunities.

There are also political as well as military reasons which justify a continued emphasis on the development of the north. We are claiming, and rightly, our sovereignty over that portion of our territory. Indeed, we have claimed sovereignty under what we call the sector theory over the prolongation north, right to their meeting at the north pole, of the east and west extensions of our boundary. If we are to make that claim stick, and it certainly is important we should make it stick, we have to do everything that is possible, everything that is practical, to develop those areas and reinforce whatever rights we may have in law with the right of occupation.

Then, finally, such development is justified because we will, in time, need the vast resources found in this area for our future prosperity and expansion. The Canadian north is now fairly well known for its abundant and diversified natural resources. Some of them are already being exploited. It must be recognized that the world demand for minerals of all kinds is rising steadily. On the other hand, lest our enthusiasm for Arctic development run away with us, we should remember also that a good many of these metals, under present conditions, are in surplus supply. I know that in the long run we have no reason to be pessimistic about the future of base metal production in this country. The Paley report—and we always quote the Paley report when we discuss a question of this kind—has shown that the mineral reserves of the United States are becoming depleted. For these reasons, and because the Canadian north is one of the last economic frontiers in the world, long-term prospects for its development are very bright indeed.

However, there are also very good reasons why we as a nation should not proceed too fast with the opening up of the Canadian north, why we should not speed up its development in disregard of economic conditions. Indeed, I am reminded that the minister of northern affairs himself, and I think he was quite sound in this statement, said the other day that it would be unwise for instance to bring a road through for a commodity before there was a market for that commodity.

There is a common fallacy about the impact that accelerated northern development could have at this time on the Canadian economy. It is often urged that this impact would be similar to that which resulted from the opening up of the west. Surely we would be unwise to try to carry that parallel too far. We should remind ourselves that wheat production was supplementary at that time, in opening up the west, to the industrial activity of eastern Canada. Mineral production in the far north at the present time, in most cases and for the time being, will be merely a supplement or an addition to what we have already in relative abundance in the northern portions of our provinces.

For some time to come, therefore, the mineral production of the north will not be complementary to but will be competitive with similar production of other Canadian regions on world markets. A very good example of that, of course, is the uranium mining industry itself. We have perhaps the largest single uranium field in the free world, at least, in the Elliot Lake-Blind River area, and there is a good deal more uranium up there that has not yet been brought under production. It is accessible to the consuming centres in the United States. Indeed, the only consuming centre in the United States is the government of the United States. Therefore to spend energy and money at this time in trying to open up new sources of uranium say in the far north, when we have so much closer to home and closer to markets, would not, I believe, be an economic or wise proposition.

In order to be competitive with other sources of supply on world markets at the same price, most of this increased mineral production in the north would have to be subsidized in one form or another because of its relative geographical remoteness from world markets. The basic problem raised for us by accelerated economic development in the north at this stage—and I am sure the minister will agree with me in this—can be defined very simply. Production and transportation costs in that region are much higher than they are in other areas of our country and in other parts of the world. Yet products originating in the north must be sold on world markets at competitive prices.

I was reading the reports of the meeting of the Royal society in Edmonton which was held a few weeks ago. One of the papers, given by Mr. Legget of the national research council, pointed out that it cost as much to transport building material from Edmonton to Aklavik as to purchase the building material in Edmonton. In view of these circumstances, therefore—high transportation costs, the situation with regard to world markets, the fact that in some cases we are producing in surplus supply some of these materials in other parts of Canada—it would seem to me unwise, without most careful consideration of the economic problems involved, to rush into the development of the north at this stage through subsidized transportation, especially when the resulting increased production might depress production in other parts of Canada and therefore might interfere with the production with the well-being of those other parts of Canada.

As I see it, what we should do is not slow down on the planning and development which have been going on in recent years but carry that forward wherever economic consideration would justify it, to take the necessary action but to be very careful indeed in present conditions that economic circumstances justify the action before that action is taken. We do not have to worry about these resources; they are there, and they will be of great value to the world in the years ahead. Surely the thing to do now is to plan and develop for those years ahead

carefully and soundly and with all the vigour which is required by any particular policy.

I believe that we should continue to emphasize the importance of the north and treat it as I have suggested it should be treated in regard to economic development, moving vigorously but moving carefully. I think also that a very important part of national development policy remains in those other areas and those other sectors of the Canadian economy which have been the subject of governmental help and intervention over the years.

For instance, an extremely important aspect of national development is research itself. In 1956-57 the government spent $106 million on research. I suggest that we can do better than that. I suggest—and this suggestion has already been made officially by our party—that there should be set up a national science commission to promote, sponsor and co-ordinate scientific development and research in Canada upon whatever government level it may be conducted. I suggest also that a very important aspect of national development is assistance by the federal government to the provinces so they may be in a position to develop their own resources to the maximum possible extent.

I am thinking particularly at the moment of communications and transportation. I am thinking of the proposal which our party has already made that the federal government should become responsible for 95 per cent of the cost of the remaining parts of the trans-Canada highway in the four Atlantic provinces. I am thinking of the assistance that we have proposed should be given to those provinces for trunk highways which would increase communication between the Atlantic provinces and other parts of Canada and the United States. I am also thinking of a railway to Great Slave lake which is now very much under consideration, I know, by the government. I am also thinking of the building with federal assistance of a second trans-Canada highway through Winnipeg, Saskatoon, Edmonton, and the Peace river district to the Pacific.

I am also thinking—and perhaps there is no more important aspect of national development where the federal government can be more immediately helpful—of assistance to the municipalities in the problems that face them, which are a part of national development because national development is the sum of local development. What more important form could national development at this time take than federal assistance to the municipalities in slum clearance and urban redevelopment projects? We therefore propose greater federal participation in such projects. Raising the proposed federal share to 50 per cent or 75 per cent of the cost of slum clearance projects would be justified on the grounds of national development.

I should like to put forward another proposal which is part of our party platform. I am very happy to mention these party proposals which we put forward in the election campaign, and to put them on *Hansard* as something we think should be done, not merely to be put forward for election purposes but put forward after the election is over as something that we think is constructive. For that purpose I suggest to the government they should consider the establishment at this time—and they are going to have a municipal-provincial-federal conference one of these days or one of these months or one of these years—of a municipal loan fund by which capital could be made available to the municipalities on a long-term basis for major municipal improvements, for the expansion of urgently needed municipal services.

Mr. Diefenbaker: Did my hon. friends not turn that down when they were in power?

Mr. Pearson: I do not think it was ever turned down when we were in power. But what difference does that make? Every time we make a proposal over here in the opposition somebody on the other side, instead of examining the proposal and seeing whether it fits the situation, immediately says, "You didn't do it in 1935" or "You didn't do it in 1945". I suggest to the Prime Minister that he look ahead occasionally and not keep looking back into the record of the past.

Some hon. Members: Oh, oh.

Mr. Pearson: If he will look ahead and consider these problems that the municipalities face—and we hear a good deal about them these days—perhaps he will find something worthy of support in the establishment of a municipal loan fund for the purposes I have indicated. The scope and administrative set-up of that fund would, of course, have to be settled in consultation with representatives of the provinces and municipalities, but it is something which my hon. friend might well take up with the provinces and municipalities when he next meets them. If they could work out something like that we, of course, would be glad to give him and his government all the credit for it.

Mr. Martin (Essex East): Within limits.

Mr. Pearson: Within limits, as my friend the hon. member for Essex East cautions.

Mr. Diefenbaker: Repentance is good for the soul.

Mr. Pearson: There is one other proposal that I should like to make. This also is one that we have put forward more than once, one also that we were not in a position to implement over the years when we were in power, and it also has a very special relationship to the circumstances of today, which in this regard are much different from what they were five or ten years ago. That is the establishment of a national advisory board on economic development and automation for dealing with long term problems of production and employment. We suggest that such an advisory board be established, staffed by representatives from labour, industry, agriculture and the universities as well as government. One principal duty of such a board would be to study the long term measures required to ensure a high level of employment and to minimize for workers the consequences of automation by providing for re-training programs, better mobility of workers and other progressive measures.

Mr. Green: May I ask the hon. gentleman a question? Could he explain the difference between this proposed board and the Gordon commission?

Mr. Pearson: This board, in the terms in which I am putting it forward was not, so far as my recollection goes, recommended by the Gordon commission at all. I do not think the Gordon commission report had anything to say with regard to it in terms of a recommendation to deal with it—

Mr. Green: The hon. member has misunderstood me. Will he explain the difference between the commission he is now recommending and the commission which his government set up known as the Gordon commission.

Mr. Pearson: I find it easy to do that. The Gordon commission was a commission set up by the government to investigate and report, and as a result of its report on general economic conditions, as a result of its general economic survey of the country it was hoped that whatever government might be in power at the time the report was received would find recommendations which would be useful if embodied in the permanent machinery of government. I am suggesting that this proposal is very different indeed, that this commission should become an agency of the government to consider the problems I have mentioned and one or two which I should like to mention. The Gordon commission was a fact finding body set up to report to the government. We are suggesting to the government now that they should set up a piece of government machinery which would, I think, be of a constructive and useful nature.

Among other things, the duty of this board would be to plan programs for long term development which would ensure the steady progress of the Canadian economy and help to sustain full employment.

Mr. Diefenbaker: How far would its powers go?

Mr. Pearson: I am making this recommendation to the government. The government will undoubtedly desire to look into it and consider how far its powers should extend. Its powers would have to be circumscribed in the legislation setting up the board. I do not think the Prime Minister would wish me to go further into the matter at this time, but I throw the suggestion out to him and to the government since they have to face not only the immediate problems of recession and unemployment but also the longer range problems of economic planning and development which in the long run may be even more important.

I think I have said enough to show that national development covers a great many subjects, and that while national development in the north is important, national development in other parts of Canada is equally important. There is much to be done, and I suggest to the Prime Minister that while it is of first and immediate importance to deal with the problems immediately before us, the recession and unemployment, it is of almost equal importance in the long run, if not even more important, to look ahead and plan to deal with the problems that will be facing us in the future. It is in that spirit that I put forward these suggestions. Because we on this side of the house do not feel that the government is tackling these problems of national development with the constructive energy and purpose which we think to be desirable in the present circumstances, I beg to move, seconded by the hon. member for Essex East (Mr. Martin), the following amendment:

> That all the words after the word "That" be deleted and the following be substituted therefor: "this house is of the opinion that, in present circumstances of declining private investment, a balanced policy of national development requires consideration by the government of active measures to meet the urgent needs of social capital especially in the form of transportation facilities, municipal improvements, and other facilities to stimulate economic development and to promote social well-being in the settled areas of Canada."

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I must say that we in this group have listened with the greatest interest and delight to the words uttered by the Leader

of the Opposition (Mr. Pearson) in the very good speech he has just made.

When we hear the leader of the Liberal opposition using such words as "economic planning and development" and stressing the need for social capital in the amendment he moves, and in the remarks he made during his speech; and when he suggests, as he obviously does, that in order to rescue this country from the deficiencies of private enterprise we should use the national credit, then I can only say that I have sent to my office for an application form to be sent to the Leader of the Opposition in order to give him the opportunity of joining the C.C.F.

As I say, we were delighted and amazed. Only time will tell whether these are just words, or whether they are words that will be followed by action. But we were delighted to hear this point of view put forward and we support many of the suggestions he made with respect to the need for a national development policy, the need for social capital and the need for economic planning. It pleases us very much to realize that this small group at this end of the house is so effective in its presentation of the policy and program of the C.C.F. that it has now succeeded, in the short time of slightly more than two months, in inoculating the hon. gentlemen on our physical left—whether they are on our ideological left will only be determined after the passage of time.

However that may be, Mr. Speaker, I must say that we have repeatedly in this house urged many of these things which have been advocated by the Leader of the Opposition this afternoon, and we shall continue to do so. We realize that if we are going to have a balanced national development we must have economic planning as suggested by the Leader of the Opposition. We need, also, the social capital mentioned in the amendment moved by the Leader of the Opposition, and we have always preached the necessity for the use of the national credit to this end.

A national development program from our point of view would require participation by the federal government, by the provincial governments and by the municipal governments. We think that a balanced national development program would include the building of large hydro projects. When such projects are mentioned we, in British Columbia, immediately think of the development of the Columbia river and its hydro resources.

We think of the necessity of a greatly expanded national highways program in this country, of the necessity of a second trans-Canada highway, of the need for a national conservation policy, the necessity of greatly extended assistance through some type of fund perhaps as suggested by the leader of the official opposition to the municipalities and of the necessity for taking advantage of opportunities to put to work idle Canadians in the development of our national parks and recreational facilities. But in addition to these things we in the C.C.F. believe we should also utilize the national credit for the assistance of small business in Canada because we realize that small business is a very important part of the economy of this country.

Other hon. members in this group who will follow me as this debate proceeds today and tomorrow will deal with other aspects of this problem—the federal, provincial and municipal aspects—and will possibly deal with some of the details which I have previously skirted but it is my intention in the brief time I will detain the house to deal solely with the need for social capital being used in the development of small business or small free enterprise in Canada.

Quite recently, I believe, I mentioned that the philosophy of the policy and program of the C.C.F. recognizes the importance of the small business sector of our economy as part of a mixed economy. I judge from the smiles on the faces of the Prime Minister (Mr. Diefenbaker) and the leader of the official opposition that they are somewhat under the delusion that all our policies are becoming mixed during this debate but what I am suggesting today has been the policy of the C.C.F. for a considerable length of time. That is to say, we believe in the great opportunity for social planning and the use of national credit in public ownership in the federal, provincial and municipal fields in a mixed economy, and the great opportunity for the development of the co-operative movement in this country whether it is in the form of a service co-operative, a consumer co-operative or a credit co-operative. In addition to that we believe in the great opportunity for the expansion of what we term as legitimate free enterprise where the real and genuine element of competition enters for the protection of the Canadian consumer. There is a great opportunity for the development of free enterprise in small industry, in distribution, retail outlets, and things of that type and in certain transportation and services generally.

Small business, generally speaking, is usually a community enterprise. It is established in its initial stages by local capital and employs local labour. Consequently there is an interest on the part of these local citizens of the community and a sense of responsibility on the part of the small business to the local community in which it operates. It participates in community activities, development, affairs and administration and differs somewhat from foreign capital or large scale investment in a significant way. In most

cases the profits made by a small business or free enterprise undertaking remain in the local community and are normally re-invested there so there is no net loss in profits to the community by their being exported to a country other than Canada. With the development of our country grows the opportunity and the need for a greater expansion of what we in this group call the legitimate free enterprise sector of our economy and that is the point I intend to deal with briefly this afternoon.

The bugbear, shall I say, or the major problem of small business, particularly in recent years where rapid expansion occurs and requirements have to be met fairly rapidly in our modern industrial society, is that there is a lack of long term credit. As hon. members know bank credit is too short to frequently satisfactorily serve the long term needs of small business and small industry. In that respect I want to speak from my personal experience and when I say that I refer to observations I have made in the district in which I have had the good fortune to live for over 50 years. I realize from what I have seen there that over and over again the efforts of hardworking, capable people have been frustrated and there has been a great deal of effort lost and wasted because they lacked the advantage of long term low interest capital to carry on their small business or industry.

I refer particularly to two aspects of small industry for which there is a major place in the economy of the district in which I live and in the general economy of British Columbia, and that is the need for and the value of small industry in the logging, sawmill and lumber processing industries. Regardless of the efficiency of large companies and the capital they can accumulate there are certain types of timber, certain locations and certain areas that can only be—

Mr. Speaker: Order. I am sorry to interrupt the hon. member but I take it he is leading up to a further amendment because his discourse is not on the subject that is now before the house?

Mr. Herridge: Mr. Speaker, I am dealing with one aspect of the need for social capital.

Mr. Speaker: I fail to see how this dissertation on long term credit for small business comes under the heading of social capital, in the words of the amendment:

> —especially in the form of transportation facilities municipal improvements, and other facilities to stimulate economic development and to promote social well-being in the settled areas of Canada.

If the hon. member is leading up to an amendment I will not object, but if he is speaking to the amendment now before the house, I consider him out of order.

Mr. Herridge: Mr. Speaker, I was leading up to an amendment and you pushed me right in the door. At this point I shall move my amendment so as to bring myself in order. I move, seconded by the hon. member for Vancouver East (Mr. Winch):

> That the amendment be further amended by inserting therein after the words "in the form of" the following words:
> "long term loans to qualifying small businesses,"

Mr. Speaker: I will put the motion when the hon. member completes his remarks.

Mr. Herridge: Having now regularized the proceedings and having once again received your beneficent glances, Mr. Speaker, I wish to indicate that the amendment as amended would now read:

> That all the words after the word "That" be deleted and the following be substituted therefor:
> "this house is of the opinion that, in present circumstances of declining private investment, a balanced policy of national development requires consideration by the government of active measures to meet the urgent needs of social capital especially in the form of long term loans to qualifying small businesses, transportation facilities, municipal improvements, and other facilities to stimulate economic development and to promote social well-being in the settled areas of Canada.

Before placing my amendment, Mr. Speaker, I was dealing with my personal experience with respect to the need for long term low interest capital for small industry and small business. I was dealing particularly with the need for it in small logging and sawmill enterprises. I mentioned the importance and necessity of maintaining these small enterprises in the forest industry particularly because of their social value and significance and because there is no other form of organized economic activity—except where it is possible to utilize a small co-operative organization—that can harvest this timber under certain circumstances and manufacture it to the mutual advantage of the state and those operating the industry.

I have known a number of men who have had the ability, the necessary small mill, the available timber and the market and yet they have failed for one reason only and that was the lack of adequate long term low interest capital. In the circumstances in which they were able to borrow capital there was not sufficient time for them to continue to operate and reinvest any surplus they might make in the industry which they were operating. It is therefore necessary in these circumstances, particularly in the forest industry—and I am dealing with an industry of which I know a little—because capital has to be invested in roads, in decking logs in the winter and so on. Under certain

conditions logs cannot be towed or trucked out until spring, or lumber has to be piled up over a period of months in order for it to dry before it can be sold. Therefore, inevitably a relatively large amount of investment is required, over which the operator himself has little control. Therefore, he requires this long term low interest capital in order to satisfactorily function and have an opportunity to get on his feet.

As I said before, I use those two illustrations in particular because over a period of 50 years I have seen so many capable, hard-working men finally lose what they had invested over a long period of years because they had insufficient capital to carry on until a surplus could be accumulated. This problem affects the small businessman across Canada in whatever type of business he may be, and it affects the small farmer for the same reasons I have outlined.

This group has given considerable study to this problem as a result of its experience and its observations and as a result of consultation with people who have done a considerable amount of research on the problem along monetary lines and discussions with the people directly concerned. For years I have been of the opinion, as have other members of this group, that one of the things that is sadly required is an opportunity for long term low interest capital.

About a week ago the hon. member for Vancouver East (Mr. Winch) spoke on this problem, presented our proposals and gave some details in that respect. I am not going to deal with that aspect of the situation this afternoon. I simply outline our general approach to it, our firm belief that small business is an essential part of the mixed economy which we as democratic socialists believe is the next step in the economic evolution of our society. For that reason we are particularly pleased to support the proposals made in the amendment by the Leader of the Opposition, and in order to complete the picture, in order to provide what we would term a truly balanced economy, we have amended the amendment in the way I have just placed before the house. That is all I have to say at this time, Mr. Speaker, and as I said before other hon. members will deal with other aspects of this problem from our point of view during this debate.

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

Mr. Herridge: Yes.

Mr. Martineau: In the hon. member's opinion, when does a qualifying small business, which he mentioned in his subamendment, become a big business and no longer qualify?

Mr. Herridge: I think the border line would be this. A large business is able to accumulate capital by the issuance of shares on the market and bonds and debentures, and things of that kind. The type of business that we speak of has no access to that capital in the same way because of its local and personal management and the lack of general knowledge by the public concerning the operation of the business in question.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I have listened with interest to the remarks made by the Leader of the Opposition (Mr. Pearson) and the amendment which he proposed, as well as to the remarks made by the hon. member for Kootenay West (Mr. Herridge), who has moved a subamendment. I should like to tell him at once that I find myself in sympathy with the proposal he has made and I would also like to tell him that because of his solicitude for small business I think I will send him an application to join the Liberal party.

We on this side of the house have always felt that particular attention should be given to small business. We have advocated that—

Mr. Green: Since you got over there.

Mr. Chevrier: —down through the years and over the long term of years that we were in office—

Mr. Hamilton (Notre Dame de Grace): You did nothing about it.

Mr. Chevrier: —we paid particular attention to that sector of the economy. For that reason, I think we will have no difficulty in supporting the subamendment moved by the hon. member for Kootenay West.

I now turn my attention to the amendment moved by my leader and in order not to read it I summarize it by saying that it seeks a balanced policy of national development, requiring active measures to meet present-day needs in the form of transportation facilities. While it goes much farther than that, it is to that aspect of the amendment that I should like to direct my attention, namely that part which has to do with transportation facilities. Such a policy of national development did exist when the former Liberal government was in office. Indeed my leader dealt with the three periods since confederation and paid particular attention to that period which followed the war. In the field of transportation alone the policy which was advocated by the previous administration was not only a dynamic one but it was a forward-looking one.

All one has to do in order to come to that conclusion is to look at the measures that were placed on the statute books of parliament. As a matter of fact, in the short time

that I was in the Department of Transport as its head there were a large number of such measures that were advocated, put into effect and now are in operation in this country. I think of the construction of the various railway branch lines across this country; I think of the branch lines from Terrace to Kitimat, from Sherridon to Lynn Lake, from Barraute to Kiask Falls in the province of Quebec, and later from Kiask Falls to Beattyville, and later from Beattyville to Chibougamau and now under construction, by virtue of legislation passed in those years, the line from Chibougamau to the lake St. John area. The Canso causeway was a project that took a considerable time to put into effect but, following surveys which were made, action was taken upon it and that causeway has now been completed. Then there is the Canadian National Railways hotel and the aviation building in Montreal; airport development from one end of this country to the other, from Gander, following the entry of Newfoundland into confederation, right out to the west coast; harbour improvements in the national harbours of this country; the Prince Edward Island car ferry; the studies into the construction of a causeway from the mainland to Prince Edward Island, which are being followed by the present government and which have been mentioned on more than one occasion by the Prime Minister (Mr. Diefenbaker) and others during the past few months.

There are also the new car ferry from North Sydney to Newfoundland, the terminal facilities at Port aux Basques and North Sydney, the construction of the *Bluenose* to operate a service between Yarmouth and Bar Harbor, the construction of new icebreakers for service on the St. Lawrence and elsewhere in the gulf and studies leading to the construction of a railway to Great Slave lake.

Here I should like to reiterate a point made by the Leader of the Opposition. In a brief submitted to the royal commission on Canada's economic prospects by R. G. Robertson, commissioner of the Northwest Territories and deputy minister of the Department of Northern Affairs and National Resources, he advocates the following at page 24 thereof:

> May I submit for the consideration of the commission three methods by which transportation facilities into the Northwest Territories might be improved. The first is the construction of a railroad to Great Slave lake. The second is construction of roads into promising resource development areas when and as indications suggest that these areas, given highway transportation, would be economic to develop. The third is the adoption of the policy of supplying the newly constructed defence stations in the Northwest Territories by commercial air services and the establishment of a network of scheduled commercial air lines in the Arctic.

I compare this with a paragraph in the speech from the throne reading as follows:

> In order to promote our national development on the frontier in the north you will be asked to authorize the construction of a railway to Great Slave lake. My ministers regard this as a major step in the establishment of productive industry on an economic basis in the Northwest Territories. You will also be asked to provide for the construction of important roads needed for development in the Yukon and Northwest Territories and in the provinces, with the co-operation of their governments.

The brief to the Gordon commission is dated November 27, 1955, and unquestionably was the basis for the action which the government now proposes to take as outlined in the speech from the throne read in the other place on May 12. There is no question, but that many of the projects which were outlined and begun under the former Liberal administration are being continued now. I can understand how it is that in the time our friends were in office following the election of June 10, 1957 there was not much time for planning. In fact, there has been little time for planning because we have either been in session or in the midst of an election campaign, and if one believes the statements made in the house and outside by members of the government that the last session of parliament was nothing more or less than preparation for the election which took place on March 31 it then becomes quite clear and logical that there was no time for planning. Therefore our friends on the other side of the house have had to have recourse to a number of projects which were in the course of preparation by the previous administration.

I could go on and talk about other projects such as the trans-Canada highway but I have reason to speak particularly today about a great project, about a project which to my mind represents the greatest project that has ever been undertaken by two nations. I refer to the great lakes-St. Lawrence seaway.

Mr. Martin (Essex East): No one has done more for that than you have.

Mr. Chevrier: It is the greatest international project ever launched by two nations.

Mr. Cardiff: What did you leave it for?

Mr. Chevrier: I gave the reasons before why I left and I am not the slightest bit sorry that I left in view of the fact that many public servants, one after the other, are leaving the service of the government of Canada.

Mr. Cardiff: I am glad you are not.

Mr. Chevrier: However, I rose to speak on the St. Lawrence seaway for two reasons. First, I wish to indicate that, in my opinion, no other project comparable to it has been brought forward by our friends on the other

side of the house, and I am sure there will not be one comparable to it for some time to come. The other reason I rose was to take issue with some of the statements that have been made recently by certain individuals in connection with it.

The St. Lawrence seaway is a power and navigation project. It consists of a 27-foot channel extending from the port of Montreal to lake Erie. It also consists of the joint development by Canada and the United States through their respective agencies of 2,200,000 horsepower of electrical energy in the international rapids section of the river. During four days of last week we witnessed the ceremonies which took place at Cornwall to mark the blowing up of the cofferdam and the creation of an artificial lake or pool above the dam indicating the beginning of gradual power development in that area. We witnessed the changeover of 14-foot navigation from the Canadian side to the United States side. Twenty-seven foot facilities will not be ready until the opening of navigation in 1959.

I should like to pause for a moment to pay tribute to certain individuals who had a great deal to do with the construction of the project. I should like to pay particular tribute to the officers and men of the hydro-electric power commission of the province of Ontario. I do not think any men contributed more towards the successful construction of the power aspect of this scheme than did the officials of Ontario hydro. They are, of course, extremely competent. In the Niagara peninsula area and on the Ottawa river they have built power projects of tremendous importance and I can do nothing else than to pay to these men who built the facilities in the international section in conjunction with the St. Lawrence seaway authority the tribute of competence and understanding.

I should like to single out the late Bob Saunders, a former president of Ontario hydro, who had a great deal to do with the negotiations leading to the agreement between the province of Ontario and Canada. I should also like to mention the name of Dr. Otto Holden, chief engineer of Ontario hydro, who in part designed many of the structures which went into this development. Last but not least there is that kind, understanding, able and competent project engineer stationed at Cornwall, Gordon Mitchell, who did a tremendous amount for the success of this enterprise.

I have nothing but commendation for the manner in which the officials of Ontario hydro built the plant. If I had a complaint it would be that it seems to me that Ontario hydro should have given consideration to setting aside a block of power for development of industry in the eastern Ontario region. The New York state power authority on the United States side gave consideration to that aspect of the question and set aside blocks of power so that today there are two large industries located just east of Massena along the south shore of the St. Lawrence river opposite the city of Cornwall.

One is Reynolds Aluminum, a large industry, and another is an automobile manufacturing plant, both of which came there because of the inducement they had in regard to these blocks of power set aside by the New York state commission for that purpose. It seems to me that Ontario hydro, instead of feeding all of this power into the grid for the development of the metropolitan areas of Toronto and Hamilton and the southern Ontario peninsula, might well have given consideration to the setting aside of a block of power for the development of industry in eastern Ontario.

I would not like to leave the question of the construction of this project without recalling to the house the name of another great public servant who had a great deal to do with the St. Lawrence seaway and who, in my estimation, is probably the man who knows more about the project than anyone else in this country, a man who, I am sure, has contributed tremendously to the negotiations as well as the preparations for the navigation aspects of the project. I refer to Mr. R. A. C. Henry, a consulting engineer now in the city of Montreal. The government of Canada appointed him as head of the special projects branch of the Department of Transport. He was a man with a great deal of experience; a former deputy minister of railways and canals; a former deputy minister of the department of reconstruction. He was responsible, in large part, for the setting up of the department of reconstruction and supply, following the war years, and he became chairman of the air transport board. Few men, I say, are as well informed or as conversant as he is with all aspects of both power and navigation. I could not rise at this time without making some reference to the tremendous contribution made by Mr. R. A. C. Henry, not only to the economic development of Canada but to transportation development in Canada generally and more particularly to the St. Lawrence seaway project.

There are other aspects of this problem to which I should like to refer. In making these references, I should like to stress the magnitude of this enterprise. I said at the outset that I did not believe there was any

project that compared in magnitude. I said that because it is not only a great engineering project, but you have dams that were built across streams; you have power structures that were built on the bed of the river; you have islands that were excavated and dredged in order to make way for the navigation channel; and in some areas you have the level of the water being raised 50 feet above the present level. The seaway is not only a great engineering project, but it is a great social achievement. It is a great social achievement because whole communities were wiped out by the formation of this lake in the last few days, and in their stead modern communities have arisen on the new shoreline. Parks and parkways have been built for recreational purposes on both sides of the line.

The seaway is first and foremost however, a great international project. It is one thing for two governments to get together and decide upon the construction of an international project, but it is another thing for that project to be put into effect. There are groups on a lower level than that of government who must co-operate in order to bring about the successful accomplishment of a project such as this. In this case there were no less than four international bodies composed of Canadians and United States representatives who had to work hand in hand in solving the problems that confronted us. There is the St. Lawrence river joint board of engineers, which approved of the plans and specifications and which supervises the work during construction. There is the international St. Lawrence river board of control whose duties relate to the water levels and regulate what the discharge of water will be from lake Ontario and the flow of water through the international rapids section. There is the international lake Ontario board of engineers which recommended a plan of regulation for the water level in the international section, and which today the government accepts. Finally, there is the international joint commission on whom the obligation is laid by the governments of Canada and the United States for the approval of the project. This body gave approval to the project and it keeps today a watchful eye over it.

It goes without saying that the parliament of Canada and the congress of the United States are the supreme authorities on this international project. Their will has been expressed by the designation of an entity to construct the power phases of the seaway in the international section. By agreement with the province of Ontario—

[Mr. Chevrier.]

Mr. Green: Mr. Speaker, on a point of order, may I suggest to your honour that the line the hon. member for Laurier (Mr. Chevrier) is now following has nothing to do with the amendment?

Mr. Chevrier: May I be heard on the point of order? The amendment, and I hesitate to read it because it is of some length, reads:

> That all the words after the word "That" be deleted and the following be substituted therefor: this house is of the opinion that, in present circumstances of declining private investment, a balanced policy of national development requires consideration by the government of active measures to meet the urgent needs of social capital especially in the form of transportation facilities—

I will not go on any farther. I stop there because I am now discussing one of the greatest transportation projects, the St. Lawrence seaway. I want to talk about some of its effects, and to take issue with some of the statements that were made recently in connection with it. I am now laying the foundation of that, and this certainly has to do with a national development program, namely the amendment which you have had an opportunity of reading.

Mr. Green: May I point out that the hon. member was not dealing with transportation, he was dealing with the development of power between Ontario and the state of New York. I suggest that has nothing whatever to do with the amendment.

Mr. Deputy Speaker: After reading carefully the amendment which is before me, I do not believe this amendment permits a discussion of one specific venture, and especially a venture which has already been partially realized. This amendment deals with measures which it is suggested the government should take to meet the urgent needs of social capital, especially in the form of transportation facilities, et cetera. I do not believe the hon. member for Laurier is actually covering the point in his comments about the St. Lawrence seaway. I would suggest he keep his remarks more in the form of suggestions to the government concerning action in the future.

Mr. Chevrier: What I was trying to do was to show the magnitude of this project which, I assure you, is far from completion. There is a tremendous amount yet to be done before it can be completed. In fact, it will not be completed until the opening of navigation in 1959 and I doubt whether the full facilities will be completed then. But if my hon. friend feels that I am not in order in dealing with the power facilities—although I think that I am in order because they are still not completed—then I will relate my remarks to the navigational aspects of the seaway.

Here I should like to draw your attention to some of the facts of this project from a navigational standpoint. The advantages that will derive from this project from a navigational standpoint are widely dispersed and will be felt in the whole of the Canadian economy. There will be great economies and savings of no less than $48 million per year in transportation costs. This has been estimated to mean a reduction of anywhere from three cents to five cents per bushel in the cost of transportation thereon. I believe the Minister of Transport (Mr. Hees), in announcing the tolls the other day, made some reference to that matter. This project will add not less than $100 million per year to the national income. It will increase total volume of traffic from 10 million to 35 million tons on the St. Lawrence. It will, it is estimated, bring down the St. Lawrence route no less than 200 million bushels of United States wheat. This is an advantage that had not been envisaged when the seaway was in the course of preparation. The statement which I have just made—

Mr. Green: Mr. Speaker, I again rise on a point of order. The hon. member is completely ignoring the ruling made by Your Honour just a few moments ago. He is going on to discuss the St. Lawrence seaway project at great length. If it is in order for him to do that, it would be just as much in order for him to discuss the construction of the C.P.R. across Canada—

Mr. Martin (Essex East): Of course it would be.

Mr. Green: —or any other project that has been done in the past. I suggest that the hon. member must comply with Your Honour's ruling.

Mr. Pickersgill: I wonder whether I might be permitted to say a word on the point of order?

Some hon. Members: Oh, oh.

Mr. Pickersgill: Surely the leader of the government, in his new role as an exponent of the restriction of debate, would still not go as far as to suggest that in order to urge, as the hon. member has been doing, that projects of great importance for the improvement of transportation are necessary for the future, he could not illustrate them even by reference to the Canadian Pacific Railway, much less something that is far from being completed and about which the hon. gentleman has indicated he has some suggestions to make.

Mr. Deputy Speaker: I must remind hon. members that the amendment reads as follows:

—a balanced policy of national development requires consideration by the government of active measures to meet the urgent needs of social capital—

I must ask hon. members to restrict their remarks to constructive measures to be used by or suggested to the government. Having regard to this particular amendment, I believe it is really out of order to discuss or to outline at present what has been done unless it is in line with the terms of what should be done by the government in line with this amendment.

Mr. Martin (Essex East): If I may do so I should like to suggest to Your Honour, with great deference, that the terms of the resolution permit a wide latitude of discussion not envisaged in the restricted words which Your Honour has just used. I make that suggestion not in direct disagreement with what you have said but by way of seeking to bring Your Honour to a better understanding of the privileges of the house in respect of a resolution in these large and generous terms. In order to do that, I think one should read the full resolution, something which Your Honour did not do. The full resolution reads as follows:

That all the words after the word "That" be deleted and the following be substituted therefor:

this house is of the opinion that, in present circumstances of declining private investment, a balanced policy of national development requires consideration by the government or active measures to meet the urgent needs of social capital—

And these are the essential words which are at the basis of the right which we on this side of the house say the hon. gentleman has to discuss this matter.

—especially in the form of transportation facilities, municipal improvements, and other facilities—

I would ask you to note the words "other facilities".

—to stimulate economic development and to promote social well-being in the settled areas of Canada.

In other words, for the purpose of this argument the important word is "especially". There the word "especially" is intended simply to indicate or to suggest the character of the discussion but it is not by any means exclusive in any way. It is simply descriptive of the kind of measures that might be used in order to bring about the purposes which the Leader of the Opposition (Mr. Pearson) had in mind when he proposed it.

The hon. member for Laurier (Mr. Chevrier) is discussing perhaps one of the most important projects ever conceived of by the government and the people of Canada. It is a scheme that is not complete, and one that

is still capable of meeting the urgent needs of social capital especially in the form of transportation facilities.

I would suggest that in taking the position which he has taken the leader of the house ought to bear in mind that the Speaker, for whom we have the greatest of respect and whose intentions we all recognize as being in the common interests of our deliberations, nevertheless is one who has not had the long experience of the Leader of the Opposition and others in this house in trying to ascertain the traditional freedom that is afforded to hon. members on a resolution of this kind. I think it is particularly true in the case of my friend the genial Leader of the Opposition—

Mr. Pickersgill: The leader of the house.

Mr. Martin (Essex East): —or rather the leader of the house for whom we all have the greatest respect. I was thinking of my friend a few years from now when I referred to him as the leader of the opposition. My hon. friend objected the other day to the hon. member for Laurier discussing this very question on his own estimates. In the light of that fact and in the light of words of conciliation which I have used, I would hope that we will be allowed to go on unfettered in this discussion.

Mr. Green: On the point of order may I say this, Mr. Speaker. As usual, the hon. member for Essex East (Mr. Martin) is very persuasive. However, may I point out to Your Honour that this is not a debate on the St. Lawrence seaway project. If the hon. member for Laurier (Mr. Chevrier) is allowed to go on and make the kind of speech he has been making, then any other member of this house is entitled to get to his feet and answer him about the St. Lawrence seaway project.

Mr. Chevrier: Certainly he is. Why not?

Mr. Green: In fact, one hon. member has already asked me about rising to point out the mistakes that the hon. member for Laurier is making.

Mr. Chevrier: I wish he would do so.

Mr. Green: It only shows all too clearly how far out of order the hon. member is in trying to turn this debate into a debate on the St. Lawrence seaway project.

Mr. Pickersgill: The leader of the house is apparently afraid that this might degenerate into a debate.

Mr. Green: The debate must be confined to the wording of the amendment which was drawn up by my hon. friends opposite over the week end. I do not doubt that they burned the midnight oil in working out this form of amendment.

Mr. Martin (Essex East): We always work.

Mr. Green: However, now that they have submitted it, they are bound by it and they must keep to the terms of the amendment itself. As a matter of fact, there is one portion of the amendment itself which is out of order, namely that portion which refers to municipal improvements.

I refer Your Honour to the amendment moved by the hon. member for Kootenay West (Mr. Herridge) during the debate on the address, which reads:

> We respectfully submit to Your Excellency that in the opinion of this house consideration should be given to the advisability of passing legislation at this session to relieve the very heavy financial burden now carried by the municipalities of this country.

That, of course, is another point of order. But I would repeat that the hon. member for Laurier (Mr. Chevrier) had no right to turn this debate into a debate on the St. Lawrence seaway.

Mr. Argue: On this point of order, Mr. Speaker, I think that since the amendment is couched in very general terms it is one which enables the house to engage in a very wide ranging debate. That, of course, is perfectly proper and it is not necessary for hon. members when they engage in the discussion to stick to the wording of the resolution; they can bring forward examples to emphasize why they think the terms of the resolution should be adopted. And from our experience in this house on previous occasions I should think that any amendment which is moved asking that active measures should be taken to make available social capital in connection with transportation and other facilities would cover discussion of the St. Lawrence seaway project. Should other hon. members wish to reply to the hon. member for Laurier, I think they would be perfectly in order. Should any hon. member wish to make a reference, say, to Trans-Canada Air Lines as another example of transportation facilities which should be extended and increased, I believe he would be in order, though I am not thinking of doing so myself. It would seem to me, however, that a detailed review of what has gone on in connection with the St. Lawrence seaway in the past is not covered by this—

Mr. Green: That is what he has been doing.

Mr. Argue: I do not think, however, that the leader of the house raised this as his point. My understanding is that he went a good deal further and said the St. Lawrence seaway could not be discussed under this

item at all. I think the seaway can be discussed to the extent that it is an active project today and to the extent that it may be increased and expanded as an active project in the future. As to a historical review of the project in the past, however—

Mr. Green: That is what we have been getting.

Mr. Argue: —I think the leader of the house has a point. But surely projects such as the St. Lawrence seaway and the extension of the seaway, and the extension of other transportation facilities are precisely what this resolution is about.

Mr. Deputy Speaker: That makes quite a number of points of order to deal with at one time. The amendment itself clearly states this:

> —a balanced policy of national development requires consideration by the government of active measures to meet the urgent needs of social capital especially in the form of transportation facilities, municipal improvements, and other facilities to stimulate economic development and to promote social well-being in the settled areas of Canada.

I believe transportation facilities may be discussed in relation to the urgent needs of social capital such as the amendment mentions, but I believe it is out of order at present to start a debate uniquely on the St. Lawrence seaway, and that it is out of order to review all that has happened in connection with the St. Lawrence seaway unless it is in relation to the suggestion relevant to the urgent needs of social capital mentioned.

Mr. Chevrier: Mr. Speaker, you made the point a moment ago that you thought I should not direct my remarks to what has been done but rather to what is being done, and that is what I am trying to do. I am trying to relate my remarks to what is being done; to relate them not so much to the past as to the present and to the future in relation to the urgent needs of social capital and in relation, also, to transportation needs. In that respect I was discussing the benefits that would derive from the seaway.

However, if you feel I should not dwell on that, I will pass to another part of my remarks which I think is pertinent to the amendment now before the house. The point I wanted to make is that although there has been a large amount of capital expenditure on the St. Lawrence seaway, because of what has happened from one end of it to the other there has now been more money spent for industrial development between the eastern end and the head of the great lakes than on the seaway itself. I am informed—and I relate this to the amendment—that the expenditure of large sums is being planned with respect to capital development, and that large sums of money have already been, in a large part, spent for industrial development on the south shore in the Montreal area, in the Niagara peninsula and in other regions of the seaway from its eastern extremity to the head of the lakes.

The second purpose I had in rising was to take issue with a certain statement which was made recently on the subject by the premier of the province of Ontario.

I should like to bring to the attention of the house a report which appeared in the Cornwall *Standard Freeholder* of July 2, 1958, as follows:

> Premier Leslie Frost has sounded a "battle cry" for an all-Canadian seaway.
>
> Immediate indication is that he intends cashing in on Prime Minister Diefenbaker's "works program for Canada."

The premier of Ontario is reported as having said:

> Ontario hydro has built the first part of an all Canadian seaway with construction of the $14,000,000 closure structure at the powerhouse.

The report continues:

> Mr. Frost is actually picking up the reins from Hon. Lionel Chevrier, former member of parliament for Stormont and once president of the St. Lawrence seaway authority, who fought for an all-Canadian seaway.

And then the premier is reported as saying that the time had come for the construction of an all-Canadian seaway, and that he supports that project. Now, I should like to say a word in connection with that, and to state that as far back as 1951—

Mr. Green: Mr. Speaker, I again rise on a point of order. Here we come back to the same old subject. The hon. gentleman is going back to rake over the coals in connection with this St. Lawrence seaway project, and I suggest that is not in order in this debate.

Mr. Pickersgill: Surely the leader of the house is carrying things to an extreme. What the hon. member for Laurier had begun to do was to talk about a new project, the creation of an all-Canadian seaway which is not part of the scheme at present under contemplation, and surely that comes completely within the purview of this resolution; and, surely, it is impossible to start with tomorrow. One has to give some background to a project of this kind, as hon. members will discover when they start planning.

Mr. Green: I suggest that the hon. member for Laurier is just trying to carry on an argument with the premier of Ontario here in this house on the particular amendment that is now before us.

Mr. Pickersgill: Surely it is against the rules to impute motives.

Mr. Chevrier: I was going on to say, if I may, that the premier in his statement in Cornwall advocated the construction of an all-Canadian seaway. What I wanted to bring to the attention of the house was that the previous government, as far back as 1951, had laid the foundation for the construction of an all-Canadian seaway; in fact, the cabinet approved the so-called all-Canadian seaway project in 1951, and at that time it was arranged that the then prime minister of Canada would discuss the project as it was then envisaged with the then president of the United States.

In the first place, when Canada saw that it was not possible to proceed with the 1941 agreement that had been signed by the two countries, another attitude was taken by this country, that of using the International Boundary Waters Treaty Act. Prior to making an application by both Canada and the United States for the development of power in the international section, Canada agreed to provide all of the navigational facilities on its side of the boundary line. It was then that the then prime minister went to discuss the matter with the president of the United States who agreed that if congress did not give its approval to the 1941 agreement he would approve of the all-Canadian seaway as second best.

It was decided, however, that parliament should introduce legislation providing for the St. Lawrence Seaway Authority Act and providing also, by agreement between Ontario and Canada, for the development of power. Later on, in 1954, congress passed what is known as the Wiley Dondero act. That act instructed a United States entity to build all of the facilities in the international section on the United States side of the line and so, at that time, we had two statutes. We had the Canadian statute authorizing construction wholly within Canada and in conjunction with a United States authority alternatively and a United States statute authorizing construction of a project on the United States side. Therefore it became important that the two governments meet which they did in July of 1954 when it was agreed that Canada would build the Canadian facilities at Iroquois and the United States would build in the international section opposite Barnhart island with the distinct understanding that as and when the volume of traffic warranted Canada would build the Canadian facilities.

The point I wish to make now is that perhaps the premier of the province of Ontario did not think of it at the time, but there is today the Iroquois canal which is built exclusively on Canadian territory. There is also the structure of the dike built at a cost of $14 million and pursuant to the agreement between Canada and Ontario by Ontario hydro and which provides for 27-foot facilities in the future. There is also the construction of channel facilities leading up to two Canadian locks opposite the city of Cornwall. As the matter now stands approximately half of the all-Canadian seaway is completed. All that remains to be done is the construction of two locks, one opposite where lock 18 used to be in the old Cornwall canal and the other a short distance upstream. There will then remain only the excavation between the two locks the whole of which should cost somewhere in the neighbourhood of $50 million.

The point I wish to make at this time is that I take issue with this statement which appears to ignore the fact that a large portion of the all-Canadian seaway is already in existence. I also wanted to take issue with it because of the fact it has been stated that Ontario hydro had built the closure in the dike at the cost of $14 million. It is true that Ontario hydro built the structure in the dike at that cost but it was done by virtue of an agreement with the federal government. By virtue of that agreement with the federal government Ontario hydro had to provide for 14-foot navigation on the Canadian side of the boundary line. When it was decided that the seaway would be built on the American side of the line in the international section, it therefore became unnecessary to provide for 14-foot navigation facilities and the agreement was amended in order that the structure be placed in the dike so that at any future time if it became necessary because of the volume of traffic the provisions would be there to complete the all-Canadian seaway.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but I must advise him that his time has expired.

Mr. Chevrier: Mr. Speaker, may I rise on a point of order and say that the other day in a similar debate when there had been a number of interruptions the Speaker allowed extra time. Because of the series of interruptions I wish to be allowed to continue.

Mr. Deputy Speaker: I must bring to the attention of the hon. member that his time had expired at twelve minutes past five o'clock. It is now approximately 18 minutes past five. However, if it is the pleasure of the house that I permit the hon. gentleman to carry on I shall be very pleased to do so. Does the house give unanimous consent to permitting the hon. member to proceed with his address?

Some hon. Members: Agreed.

Mr. Chevrier: Thank you, Mr. Speaker. I believe I can complete what I have to say quickly. I had some points which I shall have to leave because of the point of order which was raised but I shall complete the thought I was expressing. While a large portion of the all-Canadian seaway has been completed, what the house, the premier of Ontario and the government should be reminded of—and I remind them of it as respectfully as I can—is that what has been done thus far has been done in co-operation with the United States and I am sure the government would want that co-operation to continue. Certainly it would want it to continue in view of the agreement which was made originally, namely that if the circumstances were such, because traffic reached such a point, that parallel or duplicating facilities were required, these could be built on the Canadian side of the line after consultation with the United States. The former government made all the provisions necessary for this to be done. I did not want the premier of the province of Ontario to make the statement he did without, at least, there being a reply to what had been said.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, when I came to this house last session I had hoped, like many new members, to make my opening speech on a subject that is very dear to my heart and one in which I have taken a keen interest for many years. Until this moment I have never been given the opportunity of delivering my maiden speech, as it were, on this subject but now I must thank the Leader of the Opposition (Mr. Pearson) who, by means of his motion today, has made it possible for me to say something that I have dreamed of saying in the House of Commons for many years.

Before turning to an outline of the government's position with respect to a national development policy, there are a few comments which have been made by the Leader of the Opposition which should not pass unchallenged. The hon. gentleman referred to the Gordon commission and mentioned that two briefs were presented to that body, one by the commissioner of the Northwest Territories and the other by the commissioner of the Yukon. One of the later speakers read a paragraph from those submissions. By introducing that remark into this debate the barrenness of the position of the official opposition on the matter of national development has been exposed.

If you read the brief to the Gordon commission as submitted by the commissioner of the Northwest Territories, and if you read the Gordon commission report, you will find a great absence of information in the report about the impact of that brief on the members of that commission. If you look at the index of the Gordon commission report you will find that the members of that commission thought that the north and the maritime provinces were so unimportant that they put them in the last chapter and grouped the two together like taking kittens and putting them in a sack along with a rock and throwing them into the river. Read that chapter in the Gordon commission report on the north and the maritimes. I would be hesitant ever to mention the Gordon commission report and the north in the same breath.

This submission to the Gordon commission by the commissioner of the Northwest Territories did mention certain things. It did mention that we should proceed with the Pine Point railway. But what the Leader of the Opposition forgot to tell this house was that no decision was made by the previous government to go ahead with the Pine Point railway. My department got no encouragement to make such a proposal which was necessary to the opening up of such a vast area of our country. The facts tell the story. The Pine Point railway was never recommended by the government of this country and I do not think we would have got a recommendation as long as the previous administration stayed in office. I will come to that in a minute.

The Leader of the Opposition spoke also of the fact that these two submissions to the royal commission outlined a grid system of roads in the territories. That is precisely true, but once again the record is clear and plain. The men in the department, some of them with a generation of interest in work in the north, put their hearts, their knowledge and their courage into suggestions that would build this country but year after year they saw their suggestions filed away in the brief cases and in the filing cabinets of their department. They saw their work, sometimes done at great difficulty and danger to themselves, pushed aside in the interest of looking after the people who lived in what the previous government called Canada where there is somebody. What they meant by "there is somebody" are nothing else but plain voters, with no thought of the future of the children of those voters. It was an appeal to their prejudice and their selfishness in the hope of being re-elected over and over again.

Mr. Martin (Essex East): That is an awful statement to make.

Mr. Hamilton (Qu'Appelle): I have the record here. In this submission to the royal commission there is a recommendation for roads.

Mr. Martin (Essex East): It is a dreadful thing for the minister to make a statement like that.

Mr. Cardiff: You don't like it.

Mr. Hamilton (Qu'Appelle): I look at the record of expenditures. I look to the pledge that the former government made for the development of this road pattern in the north. I find that in 1954-55 the previous government, always interested in the north, spent the magnificent sum of $2,501 in the territories; in the year 1955-56 it spent the sum of $86,770 on roads in the north. Then, in 1956-57 the amount increased, and in 1957-58, thanks to the extra boost that we gave it last winter, the amount reached $3.8 million, and for 1958-59 it is still $3.8 million, but a big proportion of that vote is on planning and surveys to complete a grid system through the Northwest Territories, recommended by the commissioner of the Northwest Territories, to extend until 1980 as a program for the government, but this government plans to do it in from five to seven years. That is the difference on emphasis on these northern roads.

I did not bother to bring the figures for the Yukon. Suffice it to say this, Mr. Speaker. In this year in the Yukon the expenditure on roads and bridges and similar construction, such as culverts and so on, is four times greater than it was last year and that pace will be kept up until in five years we have a road right through to the Arctic ocean, the first in Canada's history, laying claim to our country along that coast, which should have been done many years ago.

I might digress for a moment to point out that after all the years that those pioneer people have been in the north with very little radio and very little news of the rest of this country, a decision was made just recently to send Canadian Broadcasting Corporation's programs into the north with the building of a big transmitter at Vancouver and eventually one at Winnipeg and a series of 12 small transmitters, scattered through the north.

Mr. Martin (Essex East): Who were the pioneers of the C.B.C. in this country, not the hon. gentleman opposite?

Mr. Bell (Carleton): The Right Hon. R. B. Bennett, and you know that.

Mr. Hamilton (Qu'Appelle): Before this debate is over there will be many diversions thrown across our trail. If anyone thinks he can get me off this subject by mentioning the C.B.C. he is sadly mistaken.

Mr. Martin (Essex East): The minister mentioned the C.B.C.

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): The pioneers to whom I am referring are the people living in the north who wanted to hear some news of this country. We have made a recommendation to the C.B.C. and have gone forward and brought this news and entertainment to them.

I want to go on and mention just a few more points and I shall move rapidly because there are certain things I want to get at that are positive and in the interests of this house. The Leader of the Opposition mentioned the Liberal record and he gave as an example of that record their work and interest in water resources. Let me inform the house, that the previous administration passed the Canada Water Conservation Act in 1953 to help local districts, to help provinces develop and conserve their water in the various drainage basins of Canada. How many projects have gone forward under that act? Not one. That is an example of the Liberal record. The Canada Water Conservation Act went on the statute books in 1953 and has never been used to this day.

I go on and discuss another point.

Mr. Pearson: Who controls the resources?

Mr. Hamilton (Qu'Appelle): As I listened to the hon. member he spoke with words of praise and mentioned the fact that the Liberals had always been in favour of northern development. He mentioned the need of establishing our sovereignty in the north. As I heard him speak what a conversion I heard. This is the same hon. gentleman who not so many months ago went up and down this country and referred to this program in the north as a program of building roads from igloo to igloo, building roads where there is nobody, and all the little echoes and all the little parts of Canada where all the little minds come from answered in tune. Here is one of those little echoes. This is a man who comes from the north, and he said: "Up there we knew it was pure baloney." That was a remark of the hon. member for Mackenzie River (Mr. Hardie), who is a follower and supporter of the official opposition. Here is another remark from the north: "The good northern people may have mistaken this vision for just another example of the northern lights." This is a remark by the hon. member for Timmins (Mr. Martin).

Let us have a word or two about this question of our north in so far as sovereignty is concerned. This is a subject which must appeal to all Canadians, regardless of political conviction; this is a subject which must appeal to all those who believe in the future of this nation. Sovereignty is not painting a colour on a map that you publish and put in a history

book or geography book and let the children in the schools look at it and read it.

Sovereignty is the effective occupation of an area by a country which has command or control over it. It is no misstatement of fact that it is a matter of national chagrin to some of us that across this, our territory, which we paint in red in the geography books and show to our children as Canada, roads have been built without our permission and without our knowledge by people not bearing allegiance to this country. It is a matter of common knowledge that this whole northern area is an area of much interest to the world and it is a matter of chagrin to the Minister of Northern Affairs and National Resources that when I want information on the northern part of my country I have to read documents from other countries. Our friends to the south and our friends to the north have more knowledge about the northern region of our country than we who live in the country have.

Mr. Pearson: May I ask the minister a question? Is he suggesting that the Russians have more knowledge of our Arctic than we have?

Mr. Hamilton (Qu'Appelle): If the Leader of the Opposition will follow carefully the words of the Arctic institute, a group supported by both the United States and ourselves, he will find this country condemned for knowing so little about the north when Russia knows so much.

Mr. Pearson: Their own north, not our north, surely.

Mr. Hamilton (Qu'Appelle): It is no secret that when we want to find out the depth of the water off our coast we go to Russian charts.

Mr. Pickersgill: I suppose that is why you decommissioned the *Labrador*.

Mr. Hamilton (Qu'Appelle): I say that is a matter of national chagrin. I want to point out that at our present rate of progress in measuring the depth of the waters off our northern shores it will take us 250 years to know how deep those waters are. It is a matter of national chagrin that with the great need for this information we have not the facilities to get it fast enough. I simply point out that when any person starts to talk in the house about the question of sovereignty in the north this is a matter that appeals to all Canadians and there is no political division on this point. If we are to maintain our sovereignty in the north we must face up to the fact that we all have a duty and a responsibility to pay the price in order to get this information so that we will know something about our own country.

The main point made by the Leader of the Opposition was that there was no hurry to develop the wealth of the north. He mentioned casually the Paley report and the Gordon commission and said that they indicated that there was going to be a deficiency in the United States in respect of certain strategic materials and energy fuels. Then he went on to say, "We will wait until the demand comes and then we will move."

If he would read the submission of the commissioner of the Northwest Territories to the Gordon commission he would find there the answer to that argument. In the north you must move five to ten years in advance before these great sources of wealth can be made available. He will also find that we have to have some consideration for the people who live in the north. If there is anything that has divided this country it is the frustration that pioneer people have felt at all times in our history towards those in government controlling their destinies because of their lack of consideration for the men who first went into these areas.

From the history of this country I could relate example after example. I could tell of how the people of western Ontario rose in revolt in 1833 and 1838 on that same issue of frustration and neglect of their needs. I could speak of the dissatisfaction of the people of western Canada in 1870 and 1885 at the neglect we suffered at the hands of those who had control over much of our destiny. In the same way it is true in the north that those who have pioneered there have a sense of frustration and neglect in that even after representations are made on their behalf by men who at least know something of their problems they are still overlooked.

It strikes me that the Leader of the Opposition is in this position. He is the leader of a party which is in the wilderness and as their Moses he must seek for a message to bring to the people. But I should like to suggest that in this case he is a Moses without a message. Never in the history of the nation has it been so imperative that we do not overlook the opportunities before us, not only the development of our national wealth but the mere basic fact of maintaining our sovereignty so that generations to follow will have the future to which they are entitled. These matters demand tremendous interest in the north and this interest is not divorced from the needs of the people in the settled areas of Canada and the largest cities. I hope to make that clear.

Before leaving the remarks of the Leader of the Opposition, may I deal with what he had to say about an investment program. To listen to various members of the opposition one would think that the government has

given no thought to the matter of public and private investment and the interplay of forces between them. I hope that my remarks, and I will give some figures, will indicate to the Leader of the Opposition that a great deal of thought has been given to the question of public investment, its expansion and contraction and what it has to do with the over-all economics of the country in the present economic situation. I hope that as a result of my remarks some of these statements about the north will not be made in the future because they do harm to the interests of Canada.

The development of the north is not divorced from the needs of the people of every one of our towns and communities throughout settled Canada. I should like to discuss in detail some of the other observations he made but I think I will leave it at that.

I want to start now on the speech I have waited to make for a long time.

Mr. Martin (Essex East): I hope it will be more accurate than what has happened so far.

Mr. Pickersgill: I hope the hon. gentleman is not going to start with George Brown.

Mr. Hamilton (Qu'Appelle): I will have a word about George Brown in a minute.

Mr. Green: It will not be with Pickersgill anyway.

Mr. Hamilton (Qu'Appelle): Over the years some of us in the Conservative party have advocated a development policy for Canada. We played our part in the convention of 1948 and again in the convention of 1956. To many of us the election of 1957 was the vindication of a policy for which we had worked for a quarter of a century. We knew instinctively that the one thing that could distinguish this party and enable it to fulfil its destiny in the political history of Canada was for it to turn its attention to its great historic mission in Canada, the development of Canada and the building of a nation in the northern half of this continent truly patterned on our own way of life. The last parliament, which was short, was a period of getting ready. I would have liked, if there had been a second session of that parliament—

Mr. Pickersgill: So would we.

Mr. Hamilton (Qu'Appelle): —to introduce many of the proposals which have since been introduced. I should like to refer to a few of them as found in the opening campaign speech of the Prime Minister (Mr. Diefenbaker) made in Winnipeg on February 12. I want to list ten points taken from the report of the speech as found in a Canadian Press dispatch in the Edmonton *Journal* of February 13, 1958. Here are the ten points of the development program as outlined at that time. It is the first time they have been placed on the records of the House of Commons and I am very proud to do so. They are:

1. A $100 million roads program in the Yukon and Northwest Territories to open exploration of new oil and mineral areas.
2. A joint federal-provincial plan to build access roads to the north, tying in with the Territories roads, costing $75 million and perhaps double that amount if all provinces join the program.
3. Federal aid to "economically-sound" rail lines to resources, including the proposed Pine Point railway from northern Alberta to Great Slave lake.
4. Exploration of the Arctic archipelago aimed at developing Arctic sea routes "with the prospect of developing atomic icebreakers in the future."
5. A 10-year, $105 million scheme for thermal power plants in the Atlantic provinces, provided in legislation last session.
6. A $75 million development at Frobisher Bay on Baffin island, in the Arctic.

Then, seventh, there is the possible second route for the trans-Canada highway in western Canada via Saskatoon and Edmonton; eighth, the federal sharing in Saskatchewan's power-irrigation development of the South Saskatchewan river; ninth, Canada would also press for hydro power development of British Columbia's Columbia river, now awaiting an agreement with the U.S. on the sharing of downstream power benefits; and, tenth, a national conference would be called later this year to map a national conservation policy. The principles of the prairie farm rehabilitation plan, begun in the 1930's in the west, would be extended to all parts of Canada. I have read the points—

Mr. Martin (Essex East): Are those items covered in the estimates for the present fiscal year?

Mr. Hamilton (Qu'Appelle): I was going to deal with them in detail, and I would be answering the hon. member's question.

Mr. Martin (Essex East): I do not think there are any of them in the estimates. Those are all part of the vision.

Mr. Hamilton (Qu'Appelle): I have read to the house the ten points mentioned at that time. Now I should like to give some of the reasons why those ten points are mentioned, and this is the point I want to drive home to every Canadian who hears or reads these remarks.

We have in Canada as a national task the necessity of delineating our resources. If any person knows the history of modern industrial states he will find that their whole success or failure rests upon the supply and regulation of energy sources. We have neither an inventory nor a continuing inventory or any form of usable data of our energy resources in Canada. We do have some knowledge of our resources, but it is

incomplete. We do have knowledge of potential gas reserves, but that is far from complete. We do have some knowledge of propane and butane, but very little information is available on these subjects. We do have some knowledge of our coal reserves; we do have some knowledge of our uranium and nuclear energy, but we have much to learn about other energy sources. It must have been clear to any person who was thinking—

Mr. Pickersgill: I am rising on a point of order. I am sure the leader on the other side will agree with me it is very difficult to relate the minister's remarks now to the motion before the house.

Mr. Speaker: I will hear the minister who presumably has some justification for his remarks.

Mr. Hamilton (Qu'Appelle): I think the hon. member is being facetious, Mr. Speaker.

Mr. Pickersgill: Not at all, sir, I was most serious.

Mr. Hamilton (Qu'Appelle): Assuming the point of order was serious, Mr. Speaker, I say that anyone will realize that because the government has been elected on its basic development program it is in order for me to put on the record our reasons for embarking on such a national development program in order to make clear every one of those points I have raised.

Mr. Speaker: The only hesitation I have about the minister's speech is that the amendment appears to be limited to the settled areas of Canada. The reference is that in northern Canada as well government measures to meet the urgent needs of social capital, especially in the form of transportation facilities, municipal improvements, and the field of small business has been added by the other amendment, and other facilities to stimulate the economic development and to promote social well-being in the settled areas of Canada. It seems fairly broad, and I doubt if it would be possible to limit discussion.

Mr. Hamilton (Qu'Appelle): Thank you, Mr. Speaker. I think if you had been present at the beginning you would have realized that the Leader of the Opposition in introducing his amendment spent most of his time on the question that we were foolish to do anything in the north at the present time.

Mr. Pearson: I never made any such statement. I would not like that to go on the record. I said, and the minister must remember, that we would be foolish to go ahead with projects in the north unless we gave them careful economic consideration, and I quoted the minister in approval of that approach.

Mr. Hamilton (Qu'Appelle): We will leave it at that. I was discussing the reasons why we introduced this program. The first thing, and I will repeat this, was to delineate our resources in both the fields of energy and strategic materials. I should like to mention the Paley report. The significance to Canada of the Paley report, outlined in five volumes, is the fact that strategic materials and energy fields in the United States are getting into a precarious position. Various metals and various sources of energy will either run out or become limited at different times. Generally speaking, this is the position. The United States today, instead of being a resource surplus country is a resource deficit country, and the present percentage is given at nine per cent. In a few years from now, 1975 or 1980, it is expected the United States will be running 20 per cent behind their ordinary needs for resources.

Now this means that the people of the United States, both public and private investors, must seek different places in the world from which they can replenish those needs and maintain their industrial machine. Obviously the place to look is to the north and to the south, and they are doing just that. I point out that today Canada is one of the last great resource areas, still unexplored and undeveloped. The Leader of the Opposition would have us move cautiously before we find out anything about these resources in case we repeat the mistake made 60 years ago in the building of two railways across Canada at the time of the Laurier government.

The first purpose, Mr. Speaker, was to delineate these resources, and the reason for that is obvious. When we have the resources that the world needs, we should know where they are and of what they consist. This is the first purpose of the program of roads to resources. We have to know what we have. We have no inventory and we have no group of people fully qualified or able to look after them. When this government took office and met this house on October 14, 1957 the first thing it did was to set up a royal commission on energy called the Borden commission. This royal commission, and this national energy board are 10 years overdue. I have heard suggestions that we do not need a national energy board; that the federal power commission in Washington knows enough about these resources that we can take their advice. If this is the attitude of Canadians, if this is the attitude of the majority of members on this side of the

house, they should not be here. I am sure they do not believe it. We want and we need a national energy board. The Gordon commission has recommended it, and it is 10 years overdue.

Any government that sat here from 1945 onwards without recognizing the need for some form of national energy board was unaware of or completely indifferent to the suggestions that are made all across this country. This country today stands completely helpless in this respect. We have no body of opinion here in Canada qualified to say whether we should export or import energy, whether we should delineate more of our resources or whether we should hold it back. There is no such board or body available here in this country.

I now want to go on, Mr. Speaker, to some of the details of these roads to resources, in answering the point made by the Leader of the Opposition, and I hope that he takes these figures to heart. I am going to give him an example of public investment and private investment interrelated. This projected road from Flat creek in the Yukon, 30 miles this side of Dawson city, projecting north and northeastward to the Arctic coast some place in the neighbourhood of Fort McPherson,will be finished in the next four or five years. It will cost the people of this country between $5 million and $8 million in a five-year period. Is this house aware of the fact that already behind that road private investment has pledged in hard dollars and cents a minimum expenditure, I would estimate, of something about $150 million to $250 million? As the hon. member was speaking I sent over for the latest information. Let him read these facts. Let him tell the people of Canada that this is a road from igloo to igloo. Since September 23 when I notified the oil and gas industry of our change in regulations pending with respect to exploration for oil and gas in the territories, permits for the exploration of 36,452,214 acres of land have been taken out in the Northwest Territories, mostly along the route of this road.

Mr. Pickersgill: Did the hon. gentleman not say that the road was in the Yukon?

Mr. Hamilton (Qu'Appelle): Starting in the Yukon and going into the Northwest Territories. I might add some more figures. Before September 23 last land for which permits were taken out and reservations made amounted roughly to 20 million acres. If you add all these things together you get a figure much higher than the one I have just quoted. I have put these figures in the public record, Mr. Speaker because I think the mere restatement of them is sufficient to show the situation. If the taxpayer is asked to put up

$5 million or $8 million in public investment in this area, and if private investment from all over the world is willing to risk a sum extending up to $250 million, I would say as a minimum, it shows that that investment was timely, was well thought out and was made with due caution. I used the word "minimum". Of course information comes to me that is not available to the house.

I used that word advisedly. I am going to ask my fellow colleagues on this side of the house to remember this one little fact. During the election campaign to my knowledge, no member on the government side including the Prime Minister ever used a figure higher than $25 million to $50 million as the expected investment of private enterprise. That was my advice to the Prime Minister last February, namely that the expected amount of private investment for exploration in this area was $25 million to $50 million. But I now stand here in the middle of the summer of 1958 and inform this house that the bare minimum will be between $150 million and $250 million.

Mr. Martin (Essex East): That was announced in this house about three years ago.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): It was announced by Mr. Howe three years ago as a possible estimate.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I am not finished yet. We have another project going into the north which is to tie up with the territorial program in the north, that of going to the provinces and asking them to join with us in providing roads leading into the north. At the time the Prime Minister spoke in Winnipeg he estimated that $75 million would be spent on this program over a five-year period. We had no way of knowing how willing the provinces would be in co-operating with the federal government in the opening of resource areas in their provinces where they, the provinces, owned the resources and had complete responsibility for their management. Since the Prime Minister spoke, it is now no secret that nine provinces have joined up in the scheme and not only have they asked for amounts which will send the total up to the maximum but they have asked for amounts that go beyond the maximum. I think the people of Canada in all the provinces will be proud to know that their provincial governments are co-operating with the federal government in this program of making resources available to the people of Canada for opportunity and development at this time.

Another one of these programs was the Pine Point railway. I hope the Leader of the

Opposition will listen to these figures. There has been no secret about the fact that that railway will cost between $60 million and $65 million. Obviously, as is traditional, the federal government will be asked to put up a subsidy. It is quite possible that subsidy can be measured—using millions of dollars—on the fingers of two hands. That will be our contribution as a people and as taxpayers. But there are facts that are not generally known, Mr. Speaker. The total of public and private investment on this Pine Point railway is not $65 million in the ties, the bridges and the steel rails; the total investment at the present time is reaching the figure of $400 million. This government has letters of intent from private business with respect to putting up private capital to the amounts roughly that I have just indicated. If at any time any government can spend a handful of millions of dollars and produce so many tens of millions of dollars of private investment, then I say that government is aware of the relationship between public investment and private investment.

I see that the clock shows that it is six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, when the house rose at six o'clock I had been discussing the reasons why we had to inaugurate in Canada a program of delineating our resources both with regard to energy and with regard to strategic metals. I mentioned how as the first step in this program we had inaugurated a program of building a big system of roads in the territories to help delineate both the oil and the metallic ores. I spoke next of the uselessness of building a great system of roads in the territories unless there were roads in the south to join them to the settled areas. I spoke, too, of the necessity for moving carefully with regard to these programs, and I gave some examples where the public taxpayer was asked to spend several millions of dollars which resulted in many millions of dollars being advanced by private enterprise to carry out their part of this joint public and private investment program.

The main point which, I think, the Leader of the Opposition made in the course of his remarks was that the question of timing was important. I believe it is fair to say that he was aware that every Canadian knew that in the northern areas we have tremendous wealth, but that we should wait until the economics of the need for these materials are absolutely clear before any program is started to open them up. I countered by referring to the statement made by the commissioner for the Northwest Territories to the Gordon commission in 1955 in which he developed the argument that in the north when you needed resources you have to begin five or ten years before they could be made available to the economy of the country. I should like to emphasize this point by reminding the house that the preliminary report indicates that by 1975 or 1980 in the great republic to the south the shortage of certain raw materials will be quite urgent. The report specifically mentions certain strategic metals and it is believed that the great industrial machine in the United States will be facing severe difficulties in obtaining supplies.

We in the northern half of this continent have a responsibility to our people. We are sitting here on what is probably the greatest treasure house of the world; certainly, there is only one nation that can rival us in this respect, and that is the U.S.S.R. If we sit here and wait for prices to rise above their normal economic level to indicate to our mining people and to our oil people that it is time to move in and develop these areas, we should in my opinion be failing in our responsibility to this growing nation. I believe that if we are to have any control over the discovery and development of these resources it is in our interest that we find out and find out soon where they are, what they are and how much we have of each.

Mr. Hardie: Could I ask the hon. gentleman a question? How would he find out where these resources are?

Mr. Hamilton (Qu'Appelle): There are several well known methods of finding out. If you are looking for oil and gas, you drill holes. If you are looking for minerals you do a certain amount of preliminary aerial reconnaissance using magnetometers and gravity meters, then you make a ground survey, and finally you have to drill holes, too.

In this delineation of resources there are three steps. The first is to discover where a deposit lies. That gives you the location, but it does not give you the extent; it gives you the type of metal you have, but it does not give you the potential or the probable reserve. Therefore, the first step in our program of opening up our resources is to build railroads, or to use water navigation or aerial navigation to find out information about an area which, by formula projection or by other devices used by survey engineers, can lead

to an estimation of future tonnages or deposits in reserve. As a matter of fact, the province of Alberta has done a great deal of work in estimating not only its proven reserves in oil and gas but in trying to work out its potential and probable reserves. That is the only area in Canada where anything resembling an inventory has been carried out, and if we do not have an inventory we can have no policy with regard to handling these resources. That is the situation behind the national energy board set-up.

I wish to go on now to discuss further this question of research with reference to the Winnipeg speech. I do not think there is any hon. member in this house who could argue more strongly than myself in favour of the necessity for research. Here in Canada we need research not only into basic aspects of an exploration program but research into techniques concerning the handling of these minerals and energy sources.

On this question of research, I am amazed at the slow rate of progress we are making. If we keep up the present progress in Canada it will take 250 years of hydrographic survey before we find out the depths of water around the northern shores of this country. We have no gravity meter surveys of the northern islands; we have made no survey of 80 per cent of British Columbia; we have done almost nothing in the Yukon, yet this is the vital geophysical information we need in order to get some idea of the extent of our exploration program.

In the months of February, March and April, representatives of this country attended a meeting of the United Nations in Geneva on the international code of law for the sea, and at that meeting one of a series of resolutions passed, which was accepted by the majority of the nations present, dealt with the continental shelf.

The first of those three resolutions or conventions denied the right of any nation to attach reservations to them. I am very proud to report that this country, through its representatives there, played a very active part both in proposing the resolution and in establishing the fact that no nation could attach to that reservation. This grants to this country with land off its shores not only the right to develop and explore the territory but the right to exploit it to the degree one can with the improving techniques of this day and age. The advantage to our country of this natural resource area is hard to estimate. I have used the figure of 25 per cent although it may be 20 per cent or more than 25 per cent. But if the country acquired a territory of an additional 25 per cent by the ordinary means of acquiring land it would cause great headlines in our press. Quietly, at this meeting of the United Nations, meeting for peaceful purposes, we added to our resources an area of tremendous acreage. I point this out because it emphasizes the need for research in this country by means of which we can measure the mineral and oil potential of these lands beneath the sea.

It may interest hon. members to know that the techniques of exploration beneath the sea are improving almost month by month. We think we have an answer to the question of conducting gravity meter surveys by vessels on the surface of the ocean. We also think we have an answer to the question of conducting gravity meter surveys by using helicopters. This will assist in overcoming the difficulties we presently encounter in working in a troublesome terrain. As I have said, I mention these things to emphasize the need for research in the north. As a younger Canadian I quite frankly admit I am somewhat ashamed that with all the effort and energy many of us expended on this question last year we were able to mount during the summer of 1958 a research program in the Arctic costing only approximately $50,000. That can be found in the estimates of the Department of Mines and Technical Surveys. I should like to have seen a sum ten times that large but I hope and expect that if we can get the men and equipment mounted we will have ready for next year a program costing in the neighbourhood of half a million dollars for research in that area alone. Even with that amount being expended it will take us years to acquire the vital information we require on which we can base an extensive exploration program of the far northern islands.

Some of you here may wonder why it is that these far northern islands are of such interest to us. There are many reasons and I could possibly best illustrate my point by mentioning Frobisher Bay. Frobisher Bay is situated on the southern part of Baffin island. Baffin island is an island which in years to come will become as well known to Canadians as is the Mesabi range to the people of the United States. It was on the basis of the development of the Mesabi range in the United States that the great industrial economy of that nation was built. From the information that we have available—I admit it is sketchy—we expect that in the whole area of the eastern Arctic we will find anywhere from two to six times the amount of iron ore that was available to the people of the United States in the Mesabi range in the last 100 years. When you are dealing with resources like that you realize that there is no time for timidity or extra caution. Not only must there be boldness but imagination as well both in the broad sense and in

the technical sense of reaching in and finding out by research and hard work how to best use these resources.

Frobisher Bay came to our attention not through anything this government did but due to the fact that it was halfway between the western coast of the United States and Canada and the capital cities of Europe. It is the natural stopping place on a direct route from the orient to the west coast of Canada and the United States and the centres of population in Europe. Therefore it has developed spontaneously and economically as a base of refuelling for commercial aircraft. At the present time in the neighbourhood of 1,500 passengers a week stop over at Frobisher Bay. It lends itself to strategic defence in the northern areas of the eastern part of the continent. Therefore, from these two sources, civilian and military, comes a source of revenue to help us finance and build up this area which in future will become the centre of administration of the eastern Arctic. But let me point out this to hon. members. Baffin island is not forever going to be financed by defence and through servicing passengers on polar routes. The basic economy is going to be iron ore and other minerals that exist on the island. This great source of wealth is accessible to ourselves and the nations of the world through sea transport. I fully expect that before many years have passed Frobisher Bay and other communities in that area will be the centre of an extremely thriving extractive industry producing iron and other minerals for Canada.

The next point in our program deals with power. On this matter I can understand the confusion of hon. members opposite. When this government took office there were three requests for assistance or aid in the development of power in Canada. One of these was in the maritime provinces. The other was on the Saskatchewan river. The third was on the rivers that make up the Columbia system. Naturally, because these were the requests before the federal government, it was on these three power development projects that the government first took action. The requests had been placed before the previous Liberal administration and all hon. gentlemen know the record in that regard. The record of the previous government was fully debated in this house in the last session of parliament with respect to the project in the maritimes and I hope the record of the request concerning the Saskatchewan river project will be discussed in this house at a later date.

I wish to say a word or two concerning the Columbia river project. It was our hope on the basis of the information we had to move quickly in working out the economics as well as the engineering aspects of the Columbia river system to make this vast source of power available to the areas of western Canada and the United States where power is scarce. We thought that with a little energy and some intelligence we could advance this program very rapidly. It was not long before we discovered that we lacked the necessary information to deal effectively with the question of the Columbia river project.

I recently watched a television program emanating from the United States during which the United States head of the international joint commission pointed out that the United States people had the figures on the Columbia river project for the last 25 years and that Canada did not have the figures. That, Mr. Speaker, is the answer. When you begin to deal with the resources of a great international river like the Columbia you do not enter a game of that sort playing with the cards of the fellow across the table. We had to get figures based on Canadian engineering and economics. We have put the energy and intelligence to work on this project. I can assure the house that at this time we are coming very close to knowing what figures we have and what the economics as well as the engineering facts are, and that we are moving toward a position where we can enter into any negotiation that may take place with all the facts at our command that we require to ensure that this great wealth and resource which is Canada's will be protected to the fullest extent in the national interest.

Mr. Hardie: How did you learn the facts?

Mr. Hamilton (Qu'Appelle): My hon. friend asks me how I learned the facts. They were gleaned from engineering reports which were started about two years ago.

Mr. Hardie: By the former ministry.

Mr. Hamilton (Qu'Appelle): That is true. They were learned by the economic studies which we have undertaken and I recall last session when the then member for Montmagny-L'Islet (Mr. Lesage) asked me in this house why I did not go down to the United States and have more powwows with them, I just thought of an old rhyme that we used to sing to ourselves during the days of the first world war:

Kaiser Bill went up the hill
To take a look at France;
Kaiser Bill came down the hill
With bullets in his pants.

That is what happened to the previous minister of northern affairs and national resources when he went to discuss without the facts and figures, and that would have happened to the present minister if he had gone there unprepared and without the arms—

Mr. Hardie: What new surveys or economic surveys has the minister started since June 23 of last year?

Mr. Hamilton (Qu'Appelle): The hon. member will find out the answer very shortly. One was started in the month of January, 1958, and that is the one I was referring to. I just mentioned this fact about the Columbia to show that here is another great resource where the Americans can speak on their national television hookups and boast that they have had the information for 25 years, and the Canadians have not. I am simply pointing out that we have not the facts in Canada as yet; we are still getting them.

The next point I would like to discuss in this over-all program is this. Our first purpose was to delineate those resources and discuss research and the necessity for it. I have used the example of Frobisher Bay. We are moving into the north and carefully, with great planning, to take advantage of the situation as it now is, but thinking forward to the day when the economics of the area, of mining, will support that whole community and other communities as well. I could have taken a good deal of time of the house to point out the efforts we have made in research to cut down the cost of heating homes, to cut down the cost of providing water for those homes, to cut down the cost of providing sewer services for those homes. I could tell the house, as I told the committee in another place, of the amount of savings that we think we have achieved already by simply applying the basic knowledges of engineering and economics to very simple mundane problems.

I know that this is not the end of our difficulties but it does show that we are going into this with great care and great planning. One of the final points is the question of conservation mentioned by the Prime Minister. I know hon. members will understand me when I say that it is only by the grace of the divine Deity Himself that we have been saved in this regard.

If one looks at the history of the economic development of the United States and realized the great importance of the contribution of the first Roosevelt to the handling of the resources of that great American republic, one will recognize the significance of the step that we are now prepared to take. Conservation of resources means the best and most efficient use of those resources. It means that all the facts of wild life, of power, of land, of water, of various minerals, of the forest industry, the health of our people, all these assets which make up our resources in this country are put together and looked at and certain principles evolved, principles under which the federal government must operate; principles under which the provincial governments must operate; principles under which municipal governments must operate; principles under which regional conservation boards must operate; principles under which the research people of our universities must operate, and all those many public-spirited citizens who make up the great rank and file of our conservation groups in Canada. This country has never sat down and established over a wide range of resources a fundamental policy on the handling of those natural resources. After I spoke on this program last fall for the first time my mail came in from many sources, from the universities, from the people interested in wild life and in forests, from people interested in minerals and from people interested in the forest industry, and from people interested in land uses. They pointed out to me how pleased they were that at last somebody was giving direction to this program.

We have written the provinces on this matter; we have been in touch with other departments and I would like to say that this conservation conference will possibly be going forward this fall; but such has been the multitude of suggestions, and such has been the volume of old reports that we have stacked up, trying to study what has been done in the past, and such has been the tremendous complexity of this whole problem, that I have confessed publicly I doubt the wisdom of calling the conservation conference next fall. More likely it will be some time next spring or next summer when we can have the agenda boiled down and crystallized to the point where the people who can assemble there can take a worthwhile forward step. On this question of conservation, if this government comes forward with this program of calling the people of Canada together who are interested in the most efficient use of the resources, and does come out in the next three or four years with a series of principles that can guide all levels of government and private groups in the future, if it does nothing more, it would be well worth the confidence of the people of Canada for many years to come.

I have spoken at some length on this program, Mr. Speaker, because above all this is the one feature of this government that distinguishes it from the official opposition.

Mr. Fisher: The only one.

Mr. Hamilton (Qu'Appelle): If we are to embark on a program of national development not only must we draw the first faint lines on a blueprint and carefully fill out

the lines that go step by step in natural sequence, but we must know where we are heading and where we are heading is in this direction. We think that some day we will have on the northern half of this continent a nation of from 50 million to 100 million people. If we are to have a nation of 100 million people in Canada, then it is about time we did some thinking about how this is going to come about. There is no use talking about all the oil resources under the continental plains reaching out into the Arctic and out under the Arctic ocean, and possibly under the lands beneath the sea in the Arctic; it is no use talking about our wonderful wealth of forests—and it is wonderful—it is no use talking about all the future mineral wealth; it is no use talking about the great character of our people unless we put these things side by side, with our people as one part of the equation and their energy sources another part of the equation, and those various other resources such as minerals and forests. We must put this energy to work.

If we act so that the energy, the natural resources and our people in this equation are opened up to private enterprise so that by the juxtaposition of those resources and this power and of those people and of this market there is an economic development possible in that area, I think we would be measuring up to the philosophy that this government holds concerning private enterprise and public expenditure. Or, to put it another way, we believe that the state, the government, has the duty and responsibility to provide that social capital mentioned by the Leader of the Opposition in his amendment, in the form of roads, railways, power plants, airports and all those things that aid and benefit private enterprise to enter in and develop those resources for the good of the people of Canada. If we point out in this House of Commons where we spend money in public investment to yield much larger investments by private enterprise, I think we have demonstrated down to earth principles of good, sound government, following a philosophy which we see quite clearly. If we are to be measured in the future by the tests of history it will be by what extent we succeed or fail in building processing industries here in Canada.

There is iron in Labrador, iron in Baffin island, iron in Ungava, iron in the western Arctic. It is of no use to us if it all goes to feed the industrial plants of nations all over the world so that we in Canada can buy back the finished products. We will have to export tremendous millions of tons to all these countries because that is part of our responsibility in the world but we must make sure that large supplies are available to be manufactured and processed here in Canada without increasing the cost. But on the contrary, because of the juxtaposition of energy and natural resource, produced here cheaper than in any other part of the world, in the decades ahead we will be the greatest supplier of iron and steel products in the world. I repeat that this must be done by careful planning and by creating situations whereby economics will result in the cheaper production that will give us an advantage on an economic basis without restraints or artificial subsidies of any kind.

I think I have made my point clear. We on this side of the house do have a national development policy. I was going to quote a question asked me last October by the former minister of northern affairs and national resources at which time he challenged me to produce this national development program right when I was busy trying to work out some of the details of it. I have sat here ever since waiting for an opportunity to give the house a few ideas of what the program is all about. You have got it now.

I am going to remind the Leader of the Opposition of a few facts about our history. The other night I mentioned casually the name of a man called Brown. This man lived roughly 100 years ago. I praised his contribution to Canadian political thought in connection with development and the opposition had great fun pointing out the fact that he also believed in legislative union. They could have pointed out a few more things about George Brown. He had other dogmatic convictions which I am going to leave unmentioned. I do not care what a man believes in every aspect of his thinking. However, I am going to put before the house just a few of his words because, wherever George Brown is now, I hope he will know that someone a century later appreciates these thoughts. I read from an editorial he wrote in the *Globe* roughly 100 years ago:

> The non-occupation of the Northwest Territory is a blot upon our character for enterprise. We are content to play drone while others are working. We settle down quietly within the petty limits of an insignificant province while a great empire is offered to our ambition. . . . If Canada acquires this territory it will rise in a few years from a position of a small and weak province to be the greatest colony any country has ever possessed, able to take its place among the empires of the earth. The wealth of 400,000 square miles of territory will flow through our waters and be gathered by our merchants, manufacturers, and agriculturists. Our sons will occupy the chief places of this vast territory, we will form its institutions, supply its rules, teach its schools, fill its stores, run its mills, navigate its streams. . . . We can beat the United States if we start at once. It is an empire we have in view and its whole export and import trade will be concentrated in the hands of Canadian merchants and manufacturers if we strike for it now.

Those are the words of George Brown. He was a clear Grit. If hon. members opposite would go back to the fountainhead of the words of George Brown and forget all this division and diversion that has come along in the last 100 years they would put their party on a much sounder footing for the future and be much more in tune with the Canadian people than they are now.

It is significant, that in 1858, 100 years ago, a young man by the name of Alexander Tilloch Galt was invited to join the cabinet. He was invited to do so because he had a plan to bring confederation into being for the colonies on the northern half of this continent. It is significant that just 100 years ago in 1858 a young man from Toronto went to the west, up the Qu'Appelle river to the South Saskatchewan river and recommended that a dam be built. His name was Hind. Today, 100 years later, we may see a start on what he recommended. One hundred years ago men did have vision. They did have courage and some of them had the energy to go out and do something. It was Macdonald who led his government through those terrible 15 years of building the transcontinental railway known as the Canadian Pacific. If you read the speeches of the men in opposition at that time you see that they said, "Where does this road go? Who will ride on it? Indians and buffalo." I have seen a few "Indians" on those trains in recent years but very few buffalo.

Those were the words of caution by our Liberal friends 80 years ago. Everyone knows today that this railway through the bush and muskeg of northern Ontario has opened up a mineral industry that produces over a billion dollars of new wealth a year, that produces over a billion dollars of new forest wealth a year. That line ran through the west they talked about, through the prairies which they had defined as a desert. Now we have there one of the greatest bread baskets in the world.

Then, what horrible things they said about British Columbia. In the short time I have had since we adjourned at six o'clock I am sorry I was not able to dig up a few quotations of the things they said about British Columbia. They called it a most inhospitable land and said that people could not possibly exist there. Yet we have 22 members in the house today representing that province, and if Alberta, Saskatchewan and Manitoba move a little faster they will soon have as many.

I mention these things to make clear the background of our thinking. As a party we felt that we should bring our party back to its traditional theme of developing and opening up the country. Naturally in starting this program we tended to think of the immediate needs of the people of the maritimes and the prairies because they have fallen behind the national level of income. So we brought forward programs in those two parts of Canada because it was a part of our policy to bring about equality between groups and regions in Canada.

But I want now to emphasize the point that every time you spend a dollar to make power cheaper in the Atlantic provinces, bring industry there and make the people there prosperous, you help every other person in Canada. I say these things to the people in the Atlantic provinces and I say them here too. Every time you spend a dollar to bring some security of living to the people of central Saskatchewan it helps every part of Canada, not just the people of that part. As a Canadian I am very happy that much of the leadership for this type of thinking came from the city of Toronto. At times we do have some fun among ourselves referring to that city, but when the chips are down the people of Toronto have always measured up in the building of this nation. Just as George Brown said, all the benefit does get back there but I do not think we should quarrel about that because what helps one of us helps all of us.

Our program, therefore, is to build this nation by helping those regions which have fallen behind. We are doing this in the interests of Canada, but primarily to provide an opportunity for the people of this generation, our sons and daughters who are born here in the future, as well as the people who come to this great dominion. This is the fundamental social purpose behind what we are doing. I should like to recall, if I may, some of the words of men much greater than I. I have often heard a phrase by Edmund Burke quoted in this house, and that phrase is this:

> If there is no vision the people perish—

I do believe, Mr. Speaker, this this government has a vision, a vision which the members of this government are determined to carry out. I am going to read the rest of the sentence I have just quoted.

> If there is no vision the people perish, but if the vision is blurred, the people perish faster.

I am going to suggest that if the people of Canada follow the lead of the Leader of the Opposition and those who support him in this cautious, timid approach to the development of our resources, not only will there be no vision, but what little vision there is will be so blurred that this country will perish much faster.

I know the Leader of the Opposition is suffering from the great burdens of the traditions of the Liberal party in following this

course of timidity. Blake, their leader of 80 years ago, speaking about immigration into western Canada following the railway used these words:

> They (the Conservatives) said the immigrants would pour in and were pouring in rapidly. I asked them, when did these people come in? If it is true that they did come in, where are they now? Did their bones whiten the prairies?

Is this the confidence, the boldness and the imagination that the people of Canada—

Mr. Martin (Essex East): What about Sifton?

Mr. Hamilton (Qu'Appelle): This is Blake at his most pessimistic. I should like to quote another one of the remarks of the Liberal leaders, Edward Blake. When he was speaking in 1886 he used these words:

> I was speaking in 1874 of the bargain made by Sir John A. Macdonald to construct a railway within the limit of time; I was pointing out the difficulties tending its construction; and discussing B.C. from an engineering point of view, as a country through which the railway was to be pushed, I called it a sea of mountains. And now, after 11 years, I repeat the phrase and maintain its fitness.

That is what the Liberals thought of British Columbia back in 1886. I could go on and quote from their various spokesmen to demonstrate that the whole tradition of the Liberal party, with that one brief exception when Laurier accepted the Sifton policy on immigration, shows that they have forgotten those stirring words of George Brown. They are content to stir up division between the various groups in this country. They are content to play the selfish ends of one locality as opposed to the interests of the nation as a whole. After 22 years the people chose to follow the course of building a nation that would provide opportunities for their children and their children's children. Then, the Liberals wonder why the double defeat struck them.

I would suggest to them that any party in defeat must learn that humility which comes only from an examination of their own sins. I have suggested in all deference to them before that they would be well advised to re-examine their place in the history of this country. They would find that Canadian tradition has always been one of looking for new frontiers. We still have great frontiers to conquer in Canada. We have spent 80 years moving to the west to give this country dominion from sea to sea, and now we are going to give this country dominion over the area from the south to the Arctic ocean. This great northland of ours is not ours because it is coloured red on a map. It will only be ours by effective occupation. We feel it is our destiny, manifest by our geography, our history and the character of the people. If we lose this vision, if our vision is ever blurred, this nation will perish. Without this vision, Canada is nothing.

The things I have outlined here today are just the first lines on a blueprint of our future. We will take great care to look after the economics, but we reject the historic timidity and caution of the Liberal party. We must not be deterred from a bold, imaginative policy for the development of Canada which would provide for the future of our children. We know that in the world picture we will always be a great partner of the nation to the south. We know that our resources will never do us any good unless we realize that they must also be used for the good of nations all over the world. Therefore, we must dedicate what we do not only to our own material gratification but to the good of mankind in all parts of the world.

I have been asked, why move now? I feel I have made it clear that we have no choice with all this wealth, all these resources, but to move now. Someone may ask me why private enterprise has followed in behind these roads and these railways to the extent of hundreds of millions of dollars, compared with the few millions we put in. The answer is that they have taken the Paley report, the Gordon commission report and all the other available information. They know that when these railways are completed, when these roads are completed there will be not only all these resources but we will be in a position to direct their use for better purposes than just serving to provide a hole in the ground without any processing here in Canada.

Mr. D. M. Fisher (Port Arthur): It is delightful, Mr. Speaker, to have this history lesson. One point I should like to draw to the attention of the minister, as a former history teacher, is that Sir John A. Macdonald's great development program was not really successful until Sir John was dead. I hope that does not happen to the minister or to his administration. I hope that it is not the Liberals who finally come along and reap the benefits of the program, as happened in Laurier's time.

Before I move on to the subamendment, I should like to say, in connection with the vision of this development program, that tremendous changes have taken place in our society. The minister does not seem to have mentioned these changes at all. In so far as the previous transcontinental development was concerned, it was based on the desire of the people to have land and to develop farms. I would submit that that factor does not operate so far as the north is concerned, and that is why the development is going to be of a different type. It is for this reason that

the subamendment, dealing as it does with small business, should form part of the program.

The minister talked about the tremendous amount of private capital that is going to flow into the north as a result of this policy. I should like to point out that by the very nature of the development the capital will have to flow in tremendous amounts; and will have to be supplied by huge corporations. I hope that these corporations see the vision. I should like to point out that the same driving element is not present in connection with the northern development as it was 50 or 60 years ago. It does seem to me, therefore, that that is going to be one of the difficulties when it comes to getting people into the north.

An hon. Member: What about George Brown?

Mr. Fisher: Poor George Brown was murdered. I do not know why he was murdered. But in addition to the subamendment with reference to small businesses, on June 11 the Canadian Press carried a dispatch out of Ottawa stating this:

> The government will shortly provide small businesses with technical assistance but no direct loans, it was learned today.
>
> The reluctance to provide federal credit may be a blow to retailers. They had urged the administration to set up some form of federal credit facility to help the corner store compete more effectively with the big chains and supermarkets for the customer's dollar.

Shortly after this date the Minister of Justice (Mr. Fulton) was speaking on the west coast and from there there was a news release to the effect—or this is what I gathered from reading the news release; perhaps the Minister of Justice can correct me—that the main point of the government's program in relation to small business was that it was going to set up a technical advisory service especially to help small business in the field of research and other marketing problems. There is no use in belittling this step or program. I think it is very much worth while. As a matter of fact, I should like to go further. I note that according to tonight's newspaper it has been announced that an associate deputy Minister of Trade and Commerce has been appointed, namely Mr. James Roberts and it is speculated that he is to be the head of this branch. Whether or not he is the head of this branch, I know that in Mr. Roberts the government has a man of exceptional ability. He was a lieutenant colonel in the regiment in which I was a trooper; and as someone who had a parade of lieutenants colonels including the Minister of Trade and Commerce (Mr. Churchill) I can honestly say that Mr. Roberts as a lieutenant colonel was an exceptionally able one. If he is going to be the man to head up this bureau I am sure he will be able to do something with it. But I would suggest that to restrict the bureau merely to technical advice and to research assistance is to limit it to too narrow a field.

I notice that the Canadian tourist association submitted a brief to the Minister of Finance (Mr. Fleming) a short time ago with regard to a tourist establishment improvement loan act, and that the very first paragraph of it states this:

> The Canadian tourist association respectfully requests that the government of Canada submit to parliament legislation which will relieve Canada's tourist industry of a serious disability caused by lack of financial credit and so by such legislation make it possible for our tourist industry through expansion and modernization to compete effectively in the world tourist market.

Of course the tourist industry is only one facet of small business but obviously they feel that there is a need. One of the lessons the United States has learned and is learning about small business is that the very idea of support or aid by government for small business has a tremendous emotional appeal. I am not that partial to small business—

Mr. Fulton: You have not been very slow in learning that yourself.

Mr. Fisher: I am sorry but I did not catch that remark.

Mr. Fulton: I say that the hon. gentleman has not been very slow in learning that himself either.

Mr. Argue: He is learning it too.

Mr. Fisher: I am going to be fair and qualify.

An hon. Member: Get aboard.

Mr. Hees: Everybody gets aboard in this debate.

Mr. Fisher: The experience in the United States indicated that almost every year in congress, in the house of representatives or in the senate, some congressman or some senator will rush in with a bill to aid small business and usually the administration—that is the executive—manages to shift it to one side and keep it from going through both chambers until the legislative year is over. I think the reason for the appeal of small business goes back to the political position that it appeals to all. I think it might be Jeffersonian democracy in essence. It is the whole idea that the small man, working within his own scope and framework, trying to raise himself by his boot straps and to develop a small business, is perhaps the most worthy of all individuals in the whole economic framework.

In this particular matter I do not think we should allow emotion or sentiment to get in our way. The small business man has tremendous political power in both the United States and Canada. We often hear that huge corporations have great political power but the fact of the matter is that, as far as most members of parliament are concerned, they are much more easily approached by small businessmen and in their communities they hear much more about the problems of small business and the needs for help for small business.

I think one of the reasons that in Canada we have not had the pressure to help small business that has been experienced in the United States is that we are in a ten-year to fifteen-year lag behind the United States in the development of our general consciousness of what is happening in the economic framework. In the United States it has generally been discovered, as a result of a great deal of research into small business, that perhaps the fundamental weakness of small businesses is not credit or the failure or the inability to get money—although that matter ranks very high—but is just the question of lack of managerial ability or, if you want to use the favourite jargon of the businessman, lack of know-how. There is no doubt about it that some form of advisory bureau might be of some aid. As a matter of fact the government has published a very handy little manual of advice for the small businessman.

However, the factor of money is quite vital. In the United States the small business administration has been operating for five or six years. It now has a capitalization, I understand, of $230 million. The largest loan that a small businessman or a small manufacturer can obtain at the present time from this small business administration is $300,000, although efforts are being made to raise this amount to $500,000. One of the other points in connection with these loans is that no manufacturer or anyone else can get a loan from the small business administration unless he can produce proof that he has already been rejected by the banks at least twice or at least by two different banks, which means that the businessman has gone through some effort anyway to obtain his money from other sources. Usually the interest rate on these loans varies from 4½ per cent to 6 per cent, depending on the kind of background or collateral that is available to the small businessman. In essence, when you compare the total value of the United States gross national product and their annual investment, the small business administration has not been a fantastic success. After all, $230 million is not a great deal in an economy such as that of the United States.

But there are more and more indications that help for small businesses is necessary because of the fact that large corporations have such great advantages in financing, especially in debenture financing, over small business and because on the market side of their operations they have advertising budgets that can cover a whole national field. I think that point applies particularly in Canada. In Canada our small manufacturers tend to compete regionally and it is very difficult for a small manufacturer or even a small service organization to spread beyond its region because of this lack of advertising. In the manufacturing industry it is especially difficult for them to spread and develop further because of the lack of research facilities. Advertising and research are built into the operations of large corporations.

In the particular area from which I come, namely the lakehead, we have had a tremendous change in our business structure in the last 20 years; and if you take it over the last 30 years, the change has been even greater. Thirty or forty years ago the lakehead's primary industry was tied in with transportation and being an entrepot between the west and the east. Naturally we had these large organizations, the transcontinental railways and very large shipping lines. But in our indigenous industry we depended upon the bush and woods products. In most cases those organizations were fairly small.

But now that situation has changed drastically with the buildup of the tremendous capital formations that are necessary to support pulp and paper mills, and these very large corporations have developed through using crown leases of very large limits of land. One of the results has been that the role of the small timber operator has almost disappeared except as a jobber living from hand to mouth and from year to year, very much dependent on the good will he may have developed with the particular large company concerned, and in that particular field all these small jobbers and operators are up against a tremendous financial problem when it comes to buying equipment. The breakdown of one large cat or Drott loader can make the difference between a successful operation and being completely wiped off the books. One of the reasons for this is that they have to carry so much credit at a very high rate of interest to obtain these capital goods, or else they cannot obtain loans of sufficient size and at a decent rate of interest to enable them to keep their equipment up to a proper and economic level.

In addition, at the lakehead we have noticed another phenomenon which has happened all across the country, and that

is the disappearance of the family store, especially the family department store, and the moving into the area of the large chains. We now have Loblaws, and A. & P. and supermarts and all the rest, and from the reaction of the population to these stores I gather that they are popular; I do not believe anyone consciously wants to go back to the small establishments we had formerly. But this displacement of the small operator has pinpointed the difficulties of people in the retail trade who are not tied in with national organizations such as Simpsons-Sears or Eatons in competing and operating in our economy. It seems to me that at the present time we have to examine the situation and try to make up our minds whether these small businesses are worth helping, and I think the answer that most of us will arrive at is that they are. There is nothing wrong with a large organization just because it is large, but there is something wrong in Canada in the fact that so many large corporations are putting small business organizations out of business.

Mr. Woolliams: I should like to ask the hon. member for Port Arthur a question. I was just wondering whether the policy of the C.C.F. party has changed since they socialized that small business in Prince Albert, the box factory. That put a lot of lumbermen out of business.

Mr. Fisher: That point has been brought up several times, but I do not want to deal with it now. I want to make a point that I come from Ontario and represent an Ontario riding in this house.

Mr. Woolliams: Could I ask another question?

An hon. Member: Sit down.

Mr. Speaker: You have not given the hon. member a chance to answer the first one yet.

Mr. Fisher: We do not make a practice in this house of asking, say, Conservative members from Ontario to defend the policies of the provincial government with respect, for example, to the Northern Ontario Gas Company, and I hope the hon. member will extend the same courtesy to me.

Mr. Woolliams: I asked whether the C.C.F. policy had changed.

Mr. Fisher: It has been suggested, Mr. Speaker, that the C.C.F. has climbed on to the bandwagon. We have not seen much of a bandwagon as far as small business is concerned, but I am glad to recognize that there is some merit in this policy of help for small business.

[Mr. Fisher.]

One of the other problems which is very evident at the lakehead is that whenever a small manufacturer does develop his plant and his organization to the point where he can expand his market area he discovers that just at that time he is invaded, usually by a larger organization that comes in and seeks to buy him out. That happened to a rather efficient concrete block factory that was developed by local people and had reached a very promising stage of development. Just when they were ready for a further step in expansion they were approached by a much larger factory from the Winnipeg area which pushed into this market and finally tried to force them to sell out to them at a price which was of great disadvantage to them. They were very anxious to expand in order to meet this threat, but they ran into the standard difficulty of not being able to raise enough capital to expand their plant so that they could compete. Here was an excellent case for small loans being available under the scheme suggested by the hon. member for Vancouver East (Mr. Winch) in this house about ten days ago. If such a scheme had been in operation they would have been in a much better position to have carried out that particular expansion.

Another fact that will probably raise certain questions from certain hon. members in certain parts of the house and one which I think needs to be faced frankly is that small manufacturers as they are developing their organizations, just when they reach a stage where they are moving from a small operation to a medium-sized operation, have discovered that they have become attractive to a union or to a union organizer, and just at a time when capital difficulties are most severe they find they are faced with the problem of signing an agreement or a contract which would require them to spend money beyond what they had planned as far as normal operating expenditures are concerned. This happened in connection with a veneer plant in the Port Arthur constituency. Just at the time when it was ready to expand it was faced with negotiating a contract with a union that wanted to nail this very small operation down to the same standards as those of much larger units in the pulp and paper industry in that area. In this particular case it was possible, through a little discretion on the part of the union, to stave off almost immediate bankruptcy for the company, but the man in charge of the company made the point that his primary difficulty was not that he did not want to meet the conditions which the union presented but that he was operating on so much borrowed capital at such a high rate of interest that it just was not feasible or economic for him to do so. He

is one of the people who made the point that he very definitely needs some form of loan for small business backed by the government.

Now the hon. member for Vancouver East made the point quite clearly: in Canada we have a situation different from that in the United States in that we have a branch banking system. The point has also been made that we already have a semi-framework to work on in something that the hon. member for Ottawa West (Mr. McIlraith) took a certain amount of credit for, that is, the Liberal institution of the industrial development bank. Since we have this situation there seems no reason why this example could not be pushed further, using the bank and setting up loans of a relatively short term—I suppose five to ten years would be the maximum on them—at relatively low rates of interest, I imagine somewhere between 6 and 8 per cent as a maximum, and that some sort of guarantee should be given by the government to the lending institutions.

The experience of the banks since moving into the mortgage lending field in connection with the national housing program has not been disastrous in any sense although a possible disaster was preached and forecast by some of the opponents of that legislation. As a matter of fact, the banks have successfully operated in this field although I know there are certain qualifications from the point of view that it does tend to tie down some of their money for longer terms than usual and in areas that are not quite as fluid as the banks perhaps might like.

All these examples tend to suggest that a good case could be made for setting up a small business administration scheme with a loan fund to be administered by the chartered banks and with the loans at least to a certain percentage guaranteed by the federal government. This might be of great advantage to the small businessmen in our community.

There are a number of other possible steps that might be taken to help small business that are not related to the establishment of a loan system. One that has been suggested is that the scale of income tax for small business be set at a less progressive rate than for larger corporations, on a graduated scale such as applies as far as personal income tax is concerned. The difficulty in that situation would be attempting to define what is a small business and probably in setting certain levels at which the tax would move upward, you would leave the door open for a certain amount of finagling on the part of the concern to keep below the level.

Another suggestion that has been made as a means of helping small business will probably be discussed very fully when the legislation concerning the estate tax comes before the house for discussion. There is no question but that when there is a death in a family which operates a family organization or manufacturing concern—be it the death of one of the partners or perhaps the sole owner—the death duties in many cases lead to the dissolution of the whole business. We had a very fine family department store in Fort William that suffered the loss of its family head a few years ago. It was amazing how quickly the whole thing went to pieces and the store is now in the hands of a national concern. There is nothing the matter with that but the fact remains that the children of this gentleman were simply not able to carry on the business and also meet the death duties. That is another phase of the problem of small business which should be examined by the government.

Mr. McIntosh: Mr. Speaker, would the hon. member permit a question?

Mr. Fisher: Certainly, providing it has nothing to do with Saskatchewan.

Mr. Hees: A little ashamed of Saskatchewan, are you?

Mr. McIntosh: Are you ashamed of Saskatchewan? It is obvious that the hon. member has done a lot of research into the topic he is now discussing. I was just wondering if he could tell the house the number of small businessmen his research indicates need assistance from the government and who, although they are good businessmen, cannot secure assistance from the banks?

Mr. Fisher: Mr. Speaker, I have seen nothing in that respect concerning Canadian businessmen. One of the difficulties of doing any work in this particular field in Canada is that we are so far behind the United States in carrying out this kind of study. I have to be frank about it and I hasten to admit I found nothing. You can search very widely through the literature on Canadian business and economics and you can find no cold, hard statistics about the problems of small businessmen. I can only say that is why I chose to speak from the constituency point of view. I am aware that in my own constituency amongst tourist camp operators, retailers and timber operators and especially the small jobbers there is a very definite need.

Now, as to how necessary it is for the government to make some preliminary study of this is a question I leave to the judgment of the ministers concerned but the point that should be made in my opinion in this particular connection is that the United States experience—and our economy does parallel

theirs—is that the small business administration has worked, that it has encouraged many businesses. If the government proposes setting up a technical bureau to give advice to small businessmen I must also in fairness say that the technical advice aspect of it and the research aspect of it have worked in that country. Also, the question of information for small businesses in the United States to help them in getting in on defence procurement programs has been extremely valuable. Perhaps again this is something that will be one aspect of what the government is going to introduce in this connection. But if the hon. member who asked me the question can provide me with any literature covering that phase of the question with respect to Canada I should certainly like to see it. Thus far I have not been able to locate any such material.

Mr. MacLean (Winnipeg North Centre): Mr. Speaker, would the hon. member yield to another question? I have two questions and perhaps the hon. member would prefer to answer one before dealing with the other. However, since the hon. gentleman has undertaken so much research in this field, could he give us his definition of what a small business and small industry might be?

Mr. Fisher: I do not want to be accused of or credited with having done a great deal of research in this respect. I have read three or four books and approximately 15 or 20 magazine articles on the subject. If that is your idea of research, you may accept it for what it is worth but I do not class it that way.

Some hon. Members: Answer the question.

Mr. Fisher: The United States figure is for a business doing business totalling $5 million or less annually.

Some hon. Members: Oh, oh.

Mr. Fisher: By the way, the experience of the small business administration has got down as far as loans of from $6,000 to $10,000 for businesses that have assets of from $25,000 to $50,000. The point that has been raised by the hon. member for Winnipeg North Centre (Mr. MacLean) certainly does require a certain amount of definition. The following question comes to mind: Are you going to make loans to small businesses that have already been established or are you going to make loans to young men who have a good idea, a certain amount of capital and who want to get their business underway? To my way of thinking that is a point that can be decided only at that time when the bureau or administration that is set up knows considerably more about the number of small businessmen or small groups in Canada that are hoping to get such businesses established. But if you try to choose a feasible figure to determine what is a small business for the purposes of any Canadian scheme that may come into being, I would say one that has an annual production of less than $1 million.

Mr. Walker: Mr. Speaker, may I ask the hon. member a question. I think he has been extremely fair in attempting to answer the questions that have been put to him. Is my hon. friend supporting the small business with assets of any amount from $5 million down for loans from the government because they are the true representatives of free enterprise? Is that his object in supporting that particular point? What is his object?

Mr. Fisher: Mr. Speaker, that is a question designed to lead me into certain philosophical definitions of what is free enterprise and what is not. The point I wish to make is that I think there is nothing in the socialist program that is antagonistic to what I would call true free enterprise.

Some hon. Members: Oh, oh.

Mr. Fisher: Do not let these hon. gentlemen mistake me, Mr. Speaker. Their definition of free enterprise is a very shifting one.

Mr. Ricard: What is yours?

Mr. Fisher: I said shifting, not shifty. Let me remind hon. gentlemen that the Conservative campaign in the last election in my constituency was fought on the basis of what I call socialism. What was the Conservative candidate selling? Perhaps this also happened in other constituencies. He was selling increased old age pensions.

An hon. Member: Are you a socialist?

Mr. Fisher: Of course, I am. But I should like to point out—

Mr. Speaker: Order. I think the hon. member is allowing himself to be led off the subject.

Mr. Fisher: With a certain amount of pleasure, Mr. Speaker. I always feel that when you engage in a discussion of a topic such as small business or small businessmen it gives a great opportunity for a discussion revolving around the whole question of free enterprise. The fact that one of the great trends of our society and our whole economy for the last—well, ever since the days of Teddy Roosevelt and his trust busters —has been to build up larger and larger enterprises that become safer and safer and have less and less risk involved and the narrowing of the opportunities for the small man really to get anywhere and to bite off any chunk of this massive economy that we

now have. Of course, if this Jeffersonian attitude—I call it that—of myself and the other members of the C. C. F. is free enterprise and if we be damned for that, well, let us be damned, but I do not think there is anything in it that is antithetical to socialism as I certainly know it. I notice that the hon. member for Greenwood (Mr. Macdonnell) has a most quizzical look on his face. I suggest to him that probably he has not been following the latest developments of the socialist program.

Mr. Macdonnell: May I ask a question? I know little about Jefferson but I should like to know whether the hon. member would call himself a Jeffersonian. It would be a great surprise to me if he did.

Mr. Fisher: The particular views of Jefferson have a great deal that appeal to me, but not the view that every 20 years there should be a bloody revolution. Mind you, I think Jefferson is one exemplar for almost anyone interested in politics, because he does show the value of keeping things on a small scale wherever possible, and that whole idea can be taken into account on such questions as centralization of our constitution, or the provincialist approach. Of great importance as far as business is concerned is that Jefferson himself always was aware of the point that the larger the business grows, the farther away it gets from the roots in a certain community, the more difficult it is to control and the less appeal it has for the people whom it is serving. I certainly think that at the present time we are being served by far too many large corporations who through their advertising agencies are engineering our wants. I do not think we are being served nearly enough by small groups, small business and small manufacturing organizations who can be closer to and more intimate with us.

There is one other aspect of this whole program of small business. Not only have we ignored small business in recent decades, or not only has small business fallen by the wayside, but the whole idea of public business and public service has fallen by the wayside, and we are quite justified in including in the gross national product such things as the manufacture of a tremendous number of cars and a tremendous variety of cosmetics, great wealth in terms of alcohol or, as the Toronto *Star* would call it, booze; but we do not really feel that developments such as roads, better schools, better hospitals, things like these, are part of genuine production. We somehow feel that they are not quite as worth while, or as profitable. That is why I think that if I return to the speech by the Minister of Northern Affairs and National Resources (Mr. Hamilton) I find there indications that he at least can see that there has to be almost a predating of the government expenditures on public services before we can get any worth-while development of the private services which, of course, is something that has quite a bit of historical justification. The whole question of whether the private services that we are going to get following this northern development program is still very much with us.

One of the phases of this program that the minister announced was a railway from Churchill to Moose Factory. Most of that railway would run through the constituency of Port Arthur. It would touch approximately 15 to 20 white men and maybe 600 Indians. I would just like to suggest that if that is a part of the vision I do not think it will do particularly well for our constituency. In this connection I would like to say that if we are to develop the northern parts of the constituency of Port Arthur it is not going to be done through the north; it is going to be done from the south and what we are going to have to do is to exploit very large stands of timber and very large supplies of low-grade iron ore and base metals. In order to do this we do need very definitely a development program but not one of the Northwest Territories. I would suggest that that part of the development program really needs to be looked at again; that is, the development within the northern parts of the provinces as they exist now. I do not want to diminish the effort in the Northwest Territories and in the Yukon but certainly I think that the northern regions of the provinces are much more important than those areas in terms of immediate possibilities of settlement and of development of our economy.

In our constituency in the last year or so we have closed down several base metal operations that have been considered by geologists to be pretty good bets. They have been closed down because of the drop in prices on the base metal market. I know that another look needs to be taken at Pine Point. But why worry about railways to Pine Point when we have not roads or railways to base metal properties much closer to us? That, of course, may be taken as an attitude of gloom or small vision, but I know it certainly applies to the area from which I come. It is very hard for us to understand the genuine northern vision when we have a frontier that extends into the north and we see that practical development as a very slow movement forward, north and south development from the bases that we already have rather than any Arctic development.

Having touched, Mr. Speaker, on both the amendment and the subamendment, I—

Mr. Speaker: I am sorry to interrupt the hon. member but his time has expired.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I do not intend to take up very much time of the house tonight. The Minister of Northern Affairs and National Resources (Mr. Hamilton) in a very able, in fact a brilliant speech, tonight outlined to the house and to the country what the government is doing to make the vision a reality. Today I think can be classified, because of the speeches we have heard from the opposition, as bandwagon day. The Liberals, at long last, after 22 years of neglect, are trying to climb aboard the national development bandwagon. They have found out that the people like the idea of their country being developed nationally and they are trying to clamber aboard. Then we see the C.C.F. climbing aboard the free enterprise bandwagon. Now they are grasping to their breasts small business as though they had always been brothers. They are trying to out-free-enterprise the free enterprisers. I guess one of these days we will see the formation—I understand there are feelers out on both sides now for a new party, the Liberal-Socialist party. They are trying to get together and in that way perhaps stop going down together. As I say, Mr. Speaker, the Minister of Northern Affairs and National Resources dealt very ably and brilliantly with what this government is doing in the way of national development.

I am simply going to mention a very few of the things which the government and the department are doing to provide transportation facilities to assist in the development of the country because, as anybody who has studied the history of Canada knows only too well, in a country of this size the provision of transportation facilities must precede development. A country of this magnitude must have roads, must have seaways, must have railways and so on before the country can be developed properly, and it is the job of the Department of Transport to provide these facilities.

First of all, in the Atlantic provinces we are carrying out a survey of transportation problems to find out how we can provide better transportation facilities in that region. We are examining the coastal service in Newfoundland to see if the service can be improved over and above what is and has been provided for some years past. We have already decided to provide three new coastal ships, with a possibility of a fourth. We are also planning the new terminal facilities which I mentioned in the house earlier this year. When the *William Carson* resumes service from North Sydney to Port aux Basques we will examine the service to see if it fills the needs of Newfoundland for a service to the mainland. If it does not we will then examine into what further facilities might be needed for that service. In conjunction with Canadian National Railways we are studying to see if improvements can be made in the rail service generally throughout Newfoundland.

In Prince Edward Island we are studying to find out whether future requirements are for additional ferry services or if a causeway would provide a better connection to the island. In New Brunswick and Nova Scotia we are studying, in conjunction with Canadian National Railways, to determine how rail services in these two provinces might be improved. We are also reviewing subsidy payments under the Maritime Freight Rates Act. With regard to rail line extensions—

Mr. Pickersgill: I wonder whether the minister would permit a question before he goes on. Could he tell the house when this study of transportation in the Atlantic provinces was undertaken?

Mr. Hees: I would say shortly after we took office in June of 1957.

Mr. Pickersgill: Is it not true that it was undertaken by the previous administration immediately after the presentation of the preliminary Gordon report?

Mr. Hees: If it was, Mr. Speaker, it was done in such an insignificant way that it really did not start to have any effect until the Conservative government took over.

Mr. Pickersgill: The minister's memory is failing.

Mr. Hees: As I was saying before I was interrupted, as far as rail line extensions are concerned, a survey was completed in March of this year and the work of construction has now started on a spur line running from Optic lake to Chisel lake in Manitoba, a distance of 52 miles. It will cost $8,500,000 and will link up properties of the Hudson Bay Mining and Smelting Company with the Hudson Bay Railway. As has been mentioned tonight by the Minister of Northern Affairs and National Resources, we are studying at this very moment the proposed new railway line in northern Alberta, a line which will be over 400 miles long and is estimated to cost well over $65 million exclusive of terminal facilities.

With regard to the seaway, in conjunction with various cities with harbours on the seaway we are studying what their needs will be as a consequence of the seaway and have

already entered into arrangements with such cities as Hamilton, Port Arthur and Fort William, Three Rivers and others to see what we can do to help them provide better facilities to be able to handle the traffic which it is confidently expected will develop with the completion of that inland waterway. Recently we sent a team to Kingston from the public works and transport departments to see about additional dredging there to make it possible for ships to pass easily into the excellent harbour of Kingston.

So far as airport construction is concerned, this year we are budgeting for an expenditure of $61 million compared with $35 million budgeted by the late Liberal government in their budget of March 31, 1957. This greatly expanded program, a program almost double that undertaken by the former Liberal government, will include new and enlarged air terminal buildings, additional runways and the lengthening and reinforcing of runways to handle the faster and heavier aircraft which will be appearing in our airways during the next few years. This will, of course, greatly assist exploration and the development of our resources. The new air fields we are building will in many instances be used by exploration companies which fly over otherwise inaccessible stretches of our northland examining areas where it is believed there are mineral resources, thereby making it possible for ground crews to make much more detailed inspections on the ground and actually locate the ores which we believe are there.

With regard to steamship construction, our program this year will cost $22 million compared with a mere $9 under the former government a year ago. This program includes the building of icebreakers and supply ships, all of which will make it possible for navigation to move more easily in icebound waters and will greatly assist the development of our northern areas by making it easier to bring in supplies, equipment and the many other things that are needed for development work in the northern part of our country.

Mr. Bourget: And all this prepared by the Liberal administration.

Mr. Hees: All of this was not prepared by the Liberal administration. I have quoted to you what the late lamented Liberal administration put in their last budget and I have told you what we have put in our budget. So far as airport construction is concerned, our program is nearly double and in steamship construction it is more than double. Our whole program is vastly increased over anything the Liberal government thought of or contemplated and it has been thought out and put into operation by the Conservative government.

Mr. Bourget: Would the minister permit a question?

Mr. Hees: Certainly.

Mr. Bourget: Would the minister be kind enough to give a break-down listing the ships they are going to build during this fiscal year.

Mr. Hees: I would be very glad to answer on my estimates or the hon. member might like to have some of his Liberal colleagues on the transport committee ask this question. I would be very glad to answer. There is no secret. It is all there to be seen. In fact, we are very proud to talk about it. It is only the modesty of the Conservative government that makes us not bring these things out each time we stand up but if you want to know about them we will be glad to let you know in great and minute detail.

These are the only remarks I intended to make tonight. I did want to mention these things in view of what the Leader of the Opposition (Mr. Pearson) said this afternoon when he tried to create the impression that only under a Liberal government were development plans formulated and put into operation. As you will have decided I feel sure, having listened to the very able speech delivered by the Minister of Northern Affairs and National Resources, quite the reverse is true. National development was neglected for 22 years under the Liberal government, and under the Conservative government of today quite the reverse is taking place. A national development policy is being put into operation. It is going to develop this country in the manner it has been waiting to be developed for over a generation.

Mr. Pickersgill: And the gross national product is going down.

Mr. Hees: Just as the first great Conservative prime minister recognized only too well, and just as our present Prime Minister (Mr. Diefenbaker) recognizes so clearly, you must provide transportation facilities in this country to make development possible. This government is going to provide those facilities.

Under the first great Conservative prime minister, the Canadian Pacific railway was built against the vitriolic attacks of the Liberal opposition of that day. The Liberals of that day looked upon development in somewhat the same light as the late Liberal government did. Today, fortunately, we have another great Conservative Prime Minister, who sees development as the most important facet of any government's policy. The policy

of this government, so far as providing transportation facilities is concerned, is simply this. We examine every possible need for the provision of additional transportation facilities. We will continue to do so. Whenever a need can be demonstrated and the fulfilment of that need can be shown to be economically feasible, additional transportation facilities will be provided by this government.

Mr. Martin (Essex East): Will the modest and resourceful Minister of Transport (Mr. Hees) permit me to ask him a question?

Mr. Hees: With great pleasure.

Mr. Martin (Essex East): What would be his comment about this statement concerning Canada's development which appeared in a 1956 issue of *Fortune* magazine? They said:

> Canada's progress during the past dozen years is one of the economic marvels of the age. Thanks to the extraordinarily high and well-distributed volume of investment, public and private, she has undergone an all-around development not matched even by that of the United States.

I would be very grateful to the minister if he would tell me whether or not he agrees with that statement.

Mr. Hees: I would simply say that that is evidence of the fact that one of Cockfield Brown's writers had an article accepted by that magazine.

Mr. Howard: I should like to know if the minister would permit another question?

Mr. Hees: Yes, with great pleasure.

An hon. Member: Is this fortune telling, too?

Mr. Howard: No, this has nothing to do with fortune telling. I wonder when the minister is going to be just as generous, just as lavish with his grants for shipbuilding, his subventions for the assistance of shipping facilities on the west coast as he has just indicated he is on the east coast?

Mr. Hees: I believe one of the hallmarks of this government is that we are equally fair with all the ten provinces.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I feel quite sure that no Canadian, either of a previous or present generation, has ever really doubted the remarkable future that is in store for Canada. I do not believe that anyone who knows Canada or has lived here has ever underestimated the economic potential of our great country, with its vast, fertile lands, its industrious, ingenious and reasonable people, as well as the abundance of natural resources which providence has bestowed on our land. I feel quite sure that with all these things in Canada we will be able to realize the vision which Sir Wilfrid Laurier had in the early part of this century when he foresaw that the twentieth century would belong to Canada. I am safe in saying that no one will deny that the first half of the twentieth century has indeed belonged to Canada. We have every reason to expect that if the administration of this country remains sound, the second half of this century will equally belong to Canada.

Mr. Ricard: This will happen under a Conservative government.

Mr. Cardin: I think this leads one to have a justifiable pride in our country. I believe it is significant also that a great number of nations in the world have looked with envy on our great land. They have not looked upon it with envy merely because of the beauty or fertility of our landscape, nor because of the abundance of our natural resources. They have looked upon our country with envy because we have been able to maintain a stable economy in the past. This afternoon I was very pleased to hear the members of parliament from Nigeria, who are now visiting Ottawa, tell me that they thought one of the best things they could say about Canada was that we were not taken in by our tremendous resources. We were able to administer our country wisely and seriously without going to any extremes. We have maintained our stable economy. This we have done in spite of the growing pains from which every young nation must suffer, and in spite of the very heavy war commitments as well as the difficult task of rehabilitating and expanding our industry. We have done this in spite of the increasing demand for social and national security; in spite of economic depressions and recessions, such as the one through which we are now going. The economic stability of our country has indeed been the envy of the world for the past 25 years.

There are reasons why we have been able to administer the country with stability in spite of the pressure that has been put on the government in the past, either from external sources in the field of national security or from internal sources from demands for increased national development. In the past it has been Canada's policy to make sure that she could walk before she tried to run; to make sure also that every step forward was not only desirable and justifiable under economic conditions prevailing, but also that she would not be obliged to take a step backward.

I agree with all members of this house and all Canadians that Canada's true economic potentiality is as yet undreamed of. But I also believe that that economic potentiality

is possible only on certain conditions. The first is that the people of Canada must continue to believe in the elementary and basic principles of the natural law which is that you do not get anything for nothing; you must earn it. Just as whatever accomplishments have been made in the past half century in Canada are due to the efforts and even to the sacrifices of the Canadian people, so are we now moulding the type of future that we are going to leave to future generations. We can either make that future great or we can spoil it. It is within the hands of the Canadian people to mould that future, and it is not easily done.

The second condition—and it is an important one—is that the administration of this country must be based on sound economic principles, with the country's interest as its only objective. There again, this is something which is not always easy of achievement nor is it something which is generally understood throughout the country. But I say that any administration that frames its policy in order to achieve political prestige or popularity alone can indeed jeopardize our whole economic potentiality.

A third condition, I would say, is that we as Canadians must not waste one particle of our national resources, no matter how fabulous or how widespread they may be. I maintain that we must exploit our natural resources systematically and to the fullest possible extent at all times, and that we must not act like spoiled children who, out of greed, take a bit out of several pieces of candy without having either the appetite or the capacity of finishing one. It seems to me that although we have a great economic potentiality we must earn it and that it can be achieved only through reasonable and sound administration.

No one man, or no one political party has the monopoly on the hopes and aspirations for and the faith in Canada's future. Although we all believe in this future, we in this house have differences of opinion as to how best we can achieve this worth-while aim. Recently we have heard a great deal about the largely publicized Conservative vision. It has been presented to Canadians as something completely new, something completely original. Yet it is a vision that has been held by Canadians ever since confederation. This Conservative vision is an indication that the Conservatives are only now discovering Canada and are seeing our country's future.

Mr. Ricard: We discovered Canada a long time ago, much longer ago than you did.

Mr. Cardin: Of course it is a good thing for the government to be forward looking, but it also has its dangers because, blinded by the vision and blinded by the greatness of our great future—and I am speaking more particularly of the north—and with the inexperienced energy of the neophyte, this government may well try to run before it is sure it can walk on its own two feet without stumbling backwards. On first looking at this Conservative national development program and at these remarkable speeches on northern development at this particular time and under these particular circumstances I cannot help having a vision and it is a vision of a small child biting into huge pieces of new candy but without having finished or digested the several pieces that it already has in hand.

Mr. McIntosh: Is that what your leader meant this morning when he said "Look ahead"?

Mr. Cardin: If you take a closer look at the development program brought out by the Conservative party you get the impression that the northern vision may indeed remain in the realm of future possibilities but that the northern development program itself is definitely an illusion.

Hon. members will recall that the national development program that we hear so much about now was introduced not during the last session, at a time when unemployment was prevalent and at a time when the immediate expenditure of public money might have been indeed useful in checking this unemployment and this recession; oh, no, the development program was not introduced at that time. The government waited until parliament had been prorogued, and immediately afterwards they made this program known. As a matter of fact, the Prime Minister (Mr. Diefenbaker) kicked off the last election campaign with his national development program.

I am now embarking on a new subject, Mr. Speaker, and I wonder whether I might call it ten o'clock.

Mr. Fulton: One minute to go.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether I might ask the leader of the house what the government contemplates for tomorrow when the actual business under discussion is disposed of?

Mr. Green: After we get into supply we will take No. 14 on today's order paper, which is the motion to set up a sessional committee on government-owned railways and shipping; then item No. 5, an act to incorporate the lakehead harbour commissioners, which is to go to the standing committee on railways,

canals and telegraph lines; item No. 10, amendments to the Canadian Farm Loan Act, which legislation is to go to the standing committee on agriculture; and items Nos. 16 and 17, both of which are to go to the standing committee on veterans affairs; then the resolution dealing with the installation of a simultaneous translation system.

Mr. Pickersgill: Is it contemplated that these matters will be gone on with on Wednesday?

Mr. Green: I am not in a position to say definitely, Mr. Speaker.

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

ANSWERS TO QUESTIONS

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

WINTER EMPLOYMENT PROJECTS, ONTARIO

Question No. 80—**Mr. Benidickson:**

To what specific projects in Ontario for winter employment related to (a) development of camp and picnic areas; (b) construction of forest access roads, has the federal government agreed to make a financial contribution?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

(a) Improvements to or development of campgrounds and/or picnic areas at:

1. Tecumseh park (4 miles east of Thamesville).
2. A roadside park located at the junctions of highways 401 and 59.
3. Park development highway 2—115 and 28, Electoral Durham, Peterborough.
4. Beaver lake park (1 mile south of Erinsville).
5. Roadside parks in the Huntsville district.
6. Park site on highway 11 at Ardie creek (5 miles north of Englehart).
7. Roadside parks on highway 11 in the Cochrane district.
8. Lake Despair park on secondary road No. 613 (29 miles north of Fort Frances).
9. Aylmer—(a) Rondeau park, (b) Pinery park, (c) Ipperwash park.
10. Parry Sound—(a) Grundy lake park, (b) Castler lake park, (c) Eagle lake park.
11. Maple—(a) Sibbalds point park, (b) Bass lake park.
12. Windy lake park (Sudbury).
13. Lindsay—(a) Presqu'ile park, (b) Burnham park, (c) Serpent Mounds park, (d) Emily park.
14. Swastika—(a) Kap-Kig-Iwon park, (b) Esker lakes park.
15. North Bay—(a) Antoine park (Mattawa), (b) Martin River park, (c) Finlayson park.
16. Inverhuron Park (Hespeler).
17. Fort Frances—(a) French Lake park, (b) One Sided Lake park, (c) McCrosson park.
18. Port Arthur—(a) Kakabeka Falls park, (b) Sibley park.

(b) Construction of forest access roads at:

1. Kenora—(a) Ingolf road—3½ miles right of way cleared, (b) Minaki road—8½ miles right of way cleared, (c) Gordon Lake road—2 miles right of way cleared, (d) Sandford-Hutrie road—2¼ miles right of way cleared, (e) Ghost Lake road—2¾ miles right of way cleared.

57071-3—127

Questions

2. Geraldton—(a) Longlac Tower road—1 mile cleared, (b) Pagwachuan Lake road—4,800 ft. right of way, slashed and burned.
3. Sault Ste. Marie—Ranger Lake road—12,580 ft. road 50 ft. wide cleared and brush burned.
4. Parry Sound—Lost Channel-Loring road—6¾ miles 66 ft. road cleared, 3½ miles stumps bulldozed.
5. Pembroke—(a) White-Fitzgerald road—4-5 mile right of way cleared and culverts constructed, (b) Cloy Lake to Crow river road—2-5 miles right of way cleared and culverts constructed, (c) Cameron Lake road—2-2 miles right of way cleared and culverts constructed.
6. Maple—(a) Uxbridge forest road, (b) Vivian forest road—Bulldozing of right of way, (c) Angus forest road—clearing right of way, burning brush, (d) Hendrie forest road, (e) Wildman forest road—clearing right of way, burning brush, (f) Drury forest road—clearing right of way, burning brush (g) Horseshoe Lake road—clearing right of way, (h) Swift road—clearing right of way.
7. Chapleau—(a) Bisco Tower road—1½ miles of 50 ft. road cut, (b) Gale Lake to camp Two Lake road—1¼ miles of 50 ft. wide road cut. Three bridges built, (c) Bisco Ramsay road—5½ miles road cut. One bridge built, another under construction.
8. Fort Frances—Flanders to Beaver House road—20,400 feet right of way cut and slash piled and burned.
9. Tweed—(a) Hungerford road—5,200 ft. right of way cleared, brush burned. Main road completed, (b) Green Lake road—243 chains right of way brushed and burned, (c) Red Horse Lake road—58 chains right of way brushed and burned, (d) Ashden Lake to Ashby road—material for portable huts, (e) Mays-Cashel road—bridge and portable camp completed. 80 chains right of way cut and burned.
10. Sudbury—(a) Pioneer road to Trout lake—clearing and widening road, (b) Ministic Lake road—clearing and widening road.
11. Kapuskasing—Fushimi and Rogers forest road—1¾ miles new roadway cleared and burned. 6 miles roadway widened. 1 acre campsite cleared and burned.
12. Cochrane—(a) Kennedy forest road—5 miles road cleared and stumped, (b) clearing at Kettle lake—5 miles survey completed, (c) Greenwater park road—1½ miles cleared, brush burned, (d) Keefer Lake road—½ mile road cleared, brush burned.
13. North Bay—(a) Lauder Tower road—clearing and burning, (b) Thorne to McLaren's bay road—3.3 miles road cleared, (c) Widdifield Tower road—clearing and burning, (d) Silver Creek Tower road—clearing and burning, (e) Tomiko road—clearing and burning,

(f) New Hatchery road—clearing and burning, (g) clearing at Trout lake—clearing and burning, (h) Mattawa M.U. road (Papineau)—198 chains right of way cleared and burned. Skidding and decking logs, (i) Jocko M.U. road (Bastedo)—122 chains right of way cleared and burned, (j) Nipissing M.U. road (Bastedo)—103 chains right of way cleared.

14. Gogama—Gogama-Timmins forest road —7¼ miles of 50 ft. right of way cut and burned. 15¼ miles of right of way bulldozed 20 ft. wide.

15. Port Arthur—(a) Shebandowan road—8½ miles cleared and burned, (b) Upsala road —(Inwood)—3¼ miles cleared plus 3 miles gravelled and ditched, (c) Armstrong road (Gull bay)—4½ miles cleared and burned, (d) Ouimet road—1 mile cleared and stumped, (e) Round Lake road—6 miles 80 ft. road cleared and burned. Partly stumped and graded.

16. Aylmer—Middlesex forest road—Banks tract—¼ mile road improved—½ mile new road constructed.

17. Sioux Lookout—(a) Lac Seul road—Approx. 28 miles right of way cleared, (b) Savant Lake road—Approx. 29 miles right of way cleared.

18. Hespeler—(a) Grey forest road—clearing right of way, (b) Bruce forest road—clearing right of way, (c) Grand Valley forest road (Stratford Zone)—clearing right of way, (d) Halton forest road—clearing and grubbing, (e) Grand Valley forest road (Guelph zone)—clearing and grubbing, (f) Wentworth forest road, (g) Waterloo forest road—clearing right of way, (h) Oxford forest road—clearing right of way, (i) Brant forest road.

19. Swastika—(a) Esker lake road—widening, surfacing and ditching road, (b) Roadhouse Tower road—widening, surfacing and ditching road.

PUBLIC WORKS—CANCELLATION OF PROJECTS

Question No. 91—**Mr. Batten:**

1. Has the Department of Public Works cancelled any projects for which tenders were requested from June 10, 1957 to the 31st of December, 1957 inclusive?
2. If so, what were these projects, and the amount involved in each case?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. (a) Glacier national park, B.C.—construction of five Pan-Abode dwellings to accommodate employees of trans-Canada highway division, Department of Public Works. The amount involved was $90,408.

(b) Montmagny, P.Q.—construction of protection works. The amount involved was $15,500.

HOUSE OF COMMONS

Tuesday, July 8, 1958

The house met at 2.30 p.m.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—FURTHER STATEMENT ON STRIKE SITUATION

Hon. Michael Starr (Minister of Labour): On Wednesday last, Mr. Speaker, I informed the house of the recommendation conveyed to me by the commissioner of inquiry in the British Columbia coastal shipping strike to the effect that the disputes now at issue between Canadian Pacific Steamships and parties represented by the seafarers international union, the Canadian merchant seamen's guild and the national association of marine engineers be referred to an arbitrator appointed by the Minister of Labour.

On Friday I was able to announce that the recommendation made by Mr. Eric Taylor had been accepted by the Canadian Pacific Railway, by the national association of marine engineers, and by the Canadian merchant seamen's guild. The proposal was rejected by the seafarers international union. Late Friday I therefore invited representatives of the Canadian Pacific Railway and the seafarers international union to meet with me in my office in the labour department to discuss the situation and explore the possibility of finding some ground for mutual agreement.

Present for these talks were Mr. Duncan McNeill, vice president of personnel, and Mr. S. M. Gossage, assistant vice president of personnel for the Canadian Pacific Railway, and Mr. Hal C. Banks and a number of advisers representing the seafarers international union.

I wish to assure the house that all possible avenues of settlement were exhaustively discussed. Unfortunately, however, the parties were unable to agree on a formula for the settlement of the dispute. The government is now taking further steps to reconvene the parties in the dispute for a further meeting in my office within the next few days.

BRIDGES

NUNS' ISLAND—INQUIRY AS TO NAME

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. May I ask him whether he has yet arrived at a decision upon the new name for the bridge which crosses from Montreal to the south shore over Nuns' island?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. The bridge will be known as Champlain bridge.

INCOME TAX

INQUIRY AS TO NEW EDITION OF BOOK ON PENSION PLANS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the minister whose recent oratorical efflorescence has been the admiration of friend and foe alike, namely the Minister of National Revenue.

In view of the continued interest of thousands of industrial workers in the publication of the revised "Blue Book on Pension Plans", can the minister inform the house when the administrative tortoise, mentioned in his reply to my question on June 2 last, is likely to finish the course and the long awaited blue book be published?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the tortoise in this case, like all tortoises, is making reasonable progress toward the finish line. Of course there are many difficulties which it has to overcome, but it is making progress in that direction and I can assure the hon. member that the blue book will be produced in due course and without undue delay.

PREMIUM IRON ORES—REQUEST FOR DISCUSSION WITH PRESIDENT EISENHOWER

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister concerning the Premium Iron Ore case. In view of the question asked in this house by the Minister of National Revenue last July 3 on what can be done in the Premium Iron Ore tax case, would the Prime Minister consider canvassing the situation with the distinguished United States visitors in order to determine why the strongly worded protests of this present and the preceding government have not brought a change in United States procedure?

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, during the discussions between the President of the United States and myself which will begin this afternoon, various matters will be discussed. Whether this will be included in that group will depend upon the length of time available for the discussions, and also the relative importance of this matter as compared to that of other matters that are going to receive attention.

NATIONAL DEFENCE

CAMP GAGETOWN—INQUIRY AS TO EXTENT OF USE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, may I direct a question to the Minister of National Defence. Would the minister care to inform the house, in view of reports that Camp Gagetown is two-thirds empty, what plans the government has to make full use of this military base?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the report that Camp Gagetown is two-thirds empty is quite incorrect. The troops who are normally in Camp Gagetown, permanently stationed there, are at present in another part of the camp area under canvas doing some special training. They will be moving back in about a month's time. Further than that, Camp Gagetown was designed to hold three major units. Three major units are now allocated to Camp Gagetown. In the event of hostilities, accommodation at Camp Gagetown could be doubled, thereby making provision for twice the number of men assigned to the camp today, but it is not the intention to crowd men during peacetime operations.

Mr. Robichaud: Could the minister tell the house what is the total number of men expected to train at Camp Gagetown at one time?

Mr. Pearkes: There are about 5,500 men training at Gagetown today.

AGRICULTURE

AMHERST, N.S.—DESTRUCTION OF FAIR BUILDING BY FIRE

On the orders of the day:

Mr. R. C. Coates (Cumberland): May I direct a question to the Minister of Agriculture. Has the minister's attention been drawn to the disastrous fire which destroyed the maritime winter fair buildings in Amherst, Nova Scotia?

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker. I learned of the fire this morning just after returning from the west, and I was extremely sorry to hear that such an unfortunate event had taken place. I have asked officials of the department to make an investigation, in view of the fact that the department has put up funds to assist in the construction of the buildings there, to find out just what the situation is in that regard. As the maritime winter fair has been one of Canada's major agricultural exhibitions for the past 44 years, I know this loss will mean a serious blow to agriculture in the maritime provinces.

Last year I had the privilege of opening the fair and had an opportunity to see at first hand the tremendous amount of time and effort spent on this undertaking by representatives from the provinces of Nova Scotia, New Brunswick and Prince Edward Island. I would certainly hope that steps can be taken to restore the buildings so the fair can continue.

LIVESTOCK

REQUEST THAT PRICES BE FIXED AT JUNE 1 LEVEL

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question for the Minister of Agriculture based on the concern of farmers' union officials that increased cattle marketings forced by drought conditions may result in a collapse of cattle prices. Has the Manitoba farmers' union requested the minister to fix cattle prices at the level of June 1 in order to prevent a disastrous drop in these prices in Manitoba and other parts of Canada?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, we received a telegram from Mr. James Patterson, president of the Manitoba farmers' union, a few days ago asking that cattle prices be frozen at the market level of June 1. That, of course, is the highest level at which they have been for some considerable length of time, in fact for several years. I replied stating that there was no power I knew of under any statute of the dominion government by which we could freeze cattle prices at that market level short of proclaiming the War Measures Act, which I think everybody agrees would not be possible, and that therefore this was not a practical or possible solution to the difficulties which the farmers' union was afraid might develop.

I might point out, however, that they also said that a serious weakening of the cattle market was becoming evident and various people have informed us by telegram that there had been a considerable fall in cattle prices. This is not borne out by the figures of cattle prices on the main markets in Canada during the past month. I have a compilation here which I will not read in

full. It indicates what the prices were for the weeks ending June 7, 14, 21, 28 and July 3. During that period good steers have fallen approximately 1 cent a pound at Toronto, from 24.09 cents to 23 cents. At Winnipeg they have fallen from $23.03 a hundred to $22, again approximately a cent a pound. At Calgary they have fallen from $22.40 to $21.60 a hundred or less than a cent a pound.

I might point out also that for the two weeks ending June 28 and July 3 the Chicago price for good steers has increased, the first upward movement there for several weeks prior to that time. Of course, essentially our cattle prices depend upon cattle prices in the United States.

There has been about the same kind of drop in the price of good feeder steers. As a matter of fact, at Winnipeg and Calgary there has been no appreciable drop. At Winnipeg the price was $22.09 on June 7 and it was $22.31 on July 3. Actually, therefore, the prices of feeder steers have gone up at Winnipeg. They are down about half a cent on the Calgary market, and there has been a drop of just under a cent in the price of good cows on all three markets.

This statement to the effect that already there has been a considerable drop in cattle prices as a result of the drought is not borne out by the prices being realized on these various markets. Furthermore yesterday, when I was in Calgary, I talked with a considerable number of cattlemen. They told me there was nothing in that whatever, and they did not anticipate there would be any serious drop in cattle prices.

Mr. Argue: May I ask a supplementary question. Can the minister, as a result of his inquiries, assure the house that the packers are not following a policy of downgrading cattle as they come off the pastures, a policy which they frequently follow? My second question is, is it not possible under the agricultural prices stabilization act to set floors above the base price, and a floor at the level of June 1 if the government wished to do so? I think that is a different matter from freezing them.

Mr. Harkness: The request I had, Mr. Speaker, was to freeze those prices at these levels of June 1. So far as setting a support price considerably above the mandatory 80 per cent is concerned, that could be done. However, I do not believe any of the cattlemen in western Canada would approve of it being done. As a matter of fact they are anxious that it not be done, because it would immediately remove our best hope, and our only hope, of getting rid of the surplus cattle we will have. If we put in a support price at that level it would be impossible to export cattle to the United States. We would be cut off from that market. We would have surplus cattle here and would have no place to go with them. In other words we would be cutting our own throats.

Mr. Argue: Is the minister's statement now based on the opinions of the big cattle ranchers or the opinions of the farmers' union which represents the farmers of this country?

Mr. Harkness: These opinions have been expressed to me several times over the past several months by representatives of the Canadian beef cattle association and the provincial associations who, I think, are the best representatives of the producers of beef cattle in this country.

Mr. Argue: I disagree.

INDUSTRY

ATLANTIC PROVINCES—INQUIRY AS TO ACTION ON DECENTRALIZATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the house leader who would be the appropriate minister to whom to direct an inquiry about the industrial decentralization program of the government in the Atlantic provinces.

Hon. Howard C. Green (Minister of Public Works): I am afraid, Mr. Speaker, that the hon. member has just awakened from a long sleep.

Mr. Pickersgill: Perhaps, since the minister is not aware of the program of his party, I might ask the Prime Minister if any representations have been made by the government to the Dominion Steel and Coal Corporation with a view to inducing that company to establish their additional facilities at Sydney rather than on the St. Lawrence?

Right Hon. J. G. Diefenbaker (Prime Minister): Apparently the information furnished to the hon. gentleman is never considered sufficient, because the other day he asked that question of the minister of mines and received his answer. It is apparent that the observation made by the Minister of Public Works a few moments ago had some reasonable grounds.

Mr. Pickersgill: Is the Prime Minister not aware that the question I asked the minister yesterday was whether something had been done? The question I asked today was whether something was going to be done.

Mr. Diefenbaker: I can only say that when matters of government policy are determined they will be brought to the attention of the house.

Inquiries of the Ministry

HARBOURS

MOOSONEE, ONT.—REQUEST FOR ASSISTANCE IN ESTABLISHING ALL-WEATHER PORT

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I should like to ask the Prime Minister a question. In view of the importance attached to northern development, and in view of the fact that the premier of Ontario today is in northern Ontario for the purpose of examining the situation at Moosonee with respect to installing there permanent all-weather docking facilities to make Moosonee on southern James bay an all-weather port, would the government give consideration to assisting the provincial government in this matter if it proved to be feasible?

Mr. Speaker: I think the Prime Minister might allow me to suggest that this question is fairly hypothetical and is dependent on a couple of "ifs" that might well be allowed to happen before the hon. member brings it forward.

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—REQUEST FOR HOLIDAY WITH PAY ON AUGUST 4

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Secretary of State. In view of the fact that classified civil servants receive Monday, August 4, as a holiday, can arrangements be made to have prevailing rate employees receive this holiday with pay as well?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I will take the matter up with the authorities and let the hon. member know tomorrow.

PIPE LINES

TRANS-CANADA PIPE LINES—REPORTED INTENTION TO PURCHASE NORTHERN SECTION

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Prime Minister. I regret that I was unable to give him notice of it. The question arises out of a news report in the Montreal *Gazette* of yesterday. My question is this. In view of the announcement by the president of Trans-Canada Pipe Lines Limited that the northern Ontario section will be purchased "very soon" from the Northern Ontario Pipe Line Crown Corporation, and in view of the present scandals and investigations into various natural gas transactions, can the Prime Minister assure the house that this sale will be held up at least pending the results of investigations?

[Mr. Diefenbaker.]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as I understand it, that is part of the contract, and as such the answer to my hon. friend's question is clear.

ARTS, LETTERS AND SCIENCES

CANADA COUNCIL—REQUEST FOR LABOUR REPRESENTATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Can the Prime Minister say whether any decision has yet been made with respect to the request of the Canadian Labour Congress that labour representation be provided on the Canada Council?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows, this party during the last year has consistently advocated that there should be representation on the council of the various parts of our economy. We have in fact advocated this course ever since the creation of the Canada Council. We have, of course, already given representation to labour on commissions which have been set up, and when we are in a position to make an announcement in this regard we will do so. I can say that there will be representation of labour and, I trust, of agriculture, on the Canada Council so that these two very important phases of our economy will have the representation to which many feel they are entitled.

SUPPLY

The house resumed, from Monday, July 7, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson, and the amendment to the amendment of Mr. Herridge.

NATIONAL DEVELOPMENT POLICY

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, when the house rose last night I was saying I felt certain that the national development program of this government was indeed a political illusion. I recalled that the government did not use the opportunities offered under its national development program during the last session of parliament when immediate expenditures of public moneys would have been very helpful in allaying the serious unemployment problem. As a matter of fact the Prime Minister waited until parliament was prorogued and, as reported in the Ottawa *Journal* of February 13, 1958, he kicked off the election campaign with his national development program. In the Ottawa *Journal* of that date one reads:

P.M. Kicks off Campaign
Plans Development Program to provide Jobs for Thousands

Prime Minister Diefenbaker started his election campaign last night with a speech outlining a proposed national development program which he said would make jobs for hundreds of thousands of Canadians.

And further down it says:

But the Conservative government had acted with a national program of public works "to provide for the future development of Canada and to assure jobs."

The works program would total $1,185 million of which $270 million would be spent in the first three months of this year.

Although I could use far stronger words than I will use, and I would be quite justified in doing so, I submit that cleverly worded half-truths were deliberately used in order to create the impression in this country that the $1 billion works program was indeed a new plan to put into effect new and economic development projects, and that the spending of the $270 million in the first three months of the year would mean the expenditure of additional money specifically aimed at solving the unemployment problem.

That is not so. The $1,185 million program is, of course, merely part of the ordinary yearly estimated governmental expenditure—

Mr. Speaker: I do not like to interrupt the hon. member, but I must ask that members in all parts of the house moderate their conversation so we can hear the hon. member for Richelieu-Vercheres.

Mr. Cardin: This amount of $1,185 million constitutes part of the ordinary yearly estimated amount which governments have spent over the years, and as a matter of fact it is only some $34 million more than was spent in the previous fiscal year. Furthermore, the $270 million which was supposed to have been spent in the first three months of the year is the normal amount of money which a government would spend in the first quarter of any fiscal year, and I certainly hope that no one is trying to explain or write off the $1 billion deficit by the existence of a new public works and national development program because, of course, there is no such new development program.

I respectfully submit that this practice of using half-truths and subterfuges in some of the official statements which are made is a very dangerous policy which undermines the very existence of our democratic system. The people of Canada cannot possibly be abreast of all the administrative details of government, and as a matter of fact they have no alternative but to have faith in the words of our political leaders. I say that it is not only an undemocratic but it is an intolerably iniquitous and dangerous practice for the government by a shrewd juggling of figures and words to make the people of Canada believe something which is not in accordance with the facts.

The sum of $1,185 million for a national development program as tabled in the estimates and supplementary estimates for 1958-59 can be divided up in this way. For public works we find expenditures, including the erection and maintenance of public buildings such as post offices and other buildings, and construction and maintenance of wharves, docks, bridges and roads in national parks, amounting to some $145 million. Expenditures for the Department of Transport include such items as construction and maintenance of airports, some work for the Department of National Defence, the national harbours board and construction and maintenance of deep-sea piers, wharves and grain elevators at major ports and expenditures for the St. Lawrence seaway and Trans-Canada Airlines totalling $244 million.

Last night the Minister of Transport in an intervention, told the house that this government had spent more than twice the amount spent by the previous Liberal government; yet according to the estimates and the supplementaries the department plans to spend $260 million. Last year $220 million were spent by that department, which makes a difference of $40 million, which is a far cry from being more than double the amount spent by the previous government.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I rise on a question of privilege. I should like to correct the hon. member, as I am sure he would like to have the facts straight. What I said last night was that as far as steamship construction was concerned we were spending $22 million this year as against $9 million spent by the Liberal government as recorded in the estimates of last year, and that as far as airport construction is concerned our estimates this year are nearly double.

Some hon. Members: Order.

Mr. Hees: I did not say that the Department of Transport over-all was spending twice what the department had spent a year ago.

Mr. Cardin: Well, Mr. Speaker, there is certainly no question of privilege in that—

Mr. Hees: The hon. member merely deliberately misquoted me; that is the only question of privilege.

Mr. Cardin: —nevertheless I am happy that the Minister of Transport saw fit to make that statement. I was eager to ensure that the impression was not created in the public mind that this department is spending twice as much this year as was spent last year under the Liberal administration.

Mr. Hees: If the hon. gentleman would listen and pay attention to what was being said he would not be under a misapprehension.

Mr. Cardin: To continue the discussion of the estimates, the expenditures for defence include expected construction and maintenance expenditures by the Department of National Defence itself and Defence Construction Limited totalling $80 million. The expenditures for Central Mortgage and Housing Corporation include expected expenditures on construction and maintenance of public housing units including some buildings for the Department of National Defence and Central Mortgage and Housing Corporation loans totalling $308 million. The items for the Department of Northern Affairs and National Resources include expected expenditures on projects in the farthest northern parts of Canada, including those of the northern Canada power commission, the development of thermal power units in the Atlantic provinces and construction in the national parks totalling $50 million. The items for crown corporations include expected expenditures connected with construction and maintenance by the Canadian Broadcasting Corporation, the northern Ontario pipe line, Atomic Energy of Canada Limited, Canadian Arsenals and Polymer Corporation totalling $72 million. For the Canadian National Railways there are items covering expected expenditures on construction and maintenance during the calendar year 1958 totalling $140 million.

Federal financial support to other works projects include works projects carried out co-operatively with provincial and municipal governments which are not included under items of federal support such as the trans-Canada highway, hospital construction, railway grade crossings, technical schools and other expenditures totalling $100 million. Other departments and agencies include the Department of Citizenship and Immigration, the Department of Agriculture, the Department of Justice, the federal district commission, the South Saskatchewan project and others totalling $46 million. The particular item for the South Saskatchewan project is shown as $8 million. That is about the only new project that is included in the estimates; of course we know it has not been started as yet and indeed there seem to be some difficulties which must be overcome before it can be commenced.

When the hon. member for Essex East asked the Minister of Northern Affairs and National Resources when he was explaining his northern projects how much had been included for them in the estimates, the minister did not immediately answer. It was only after a considerable length of time that we learned that there was an amount of $3.8 million for surveys and an additional $50,000 for research included in the minister's departmental estimates of $50 million. This breakdown of the $1,185 million for new development projects differs greatly from the story that appeared in the Ottawa *Journal* on February 13, 1958. In that article we read:

> Mr. Diefenbaker emphasized the north as he talked about Canadian development. He mentioned his hopes for a "self-governing north".
>
> Under the development plan would come:
>
> 1. Arctic research and exploration of the Arctic archipelago aimed at developing resources that Canadians little realized.
>
> 2. A $100 million roads program in the Yukon and Northwest Territories to allow exploration of new mineral areas.
>
> 3. A federal-provincial plan to build access roads to the north, tying in with roads in the Territories. It would cost $75 million and perhaps twice that if all provinces joined.
>
> 4. Aid to economically sound railway projects, such as the proposed line from northern Alberta to Pine Point on Great Slave lake.
>
> 5. A $75 million development at the northern community of Frobisher Bay on Baffin island.
>
> The program would mean jobs for "hundreds of thousands of Canadians" and would open the way for investment "by Canadian and foreign investors of hundreds of millions of dollars".

Let me hasten to state that the hundreds of thousands of Canadians who are still without work and who had hopes of being able to find employment in the north are doomed to bitter disappointment because, as a matter of fact, not one of those items is included in the estimates the government has brought forward this year. May I also point out that even if these huge sums had been included in the estimates an obvious question arises. Where is the economic logic of opening new resources in the north at this time when we cannot find sufficient outlets for similar resources that are at hand and which we have as yet hardly tapped? Why should the government spend hundreds of millions of dollars in the construction of roads leading to resources that are as yet undiscovered, when private enterprise and private investment capital are not as yet even exploiting the newly-found resources they have at hand?

The Minister of Northern Affairs and National Resources yesterday bandied about hundreds of millions of dollars. He mentioned of course, that those were sums that private investors and private capital would invest. However, he did not give any authoritative source for the figures which he placed on the record. He did not say whether these represented binding commitments on the part of specific corporations. He mentioned vaguely letters of intent without, of course, referring to the date of these letters of intent. Need I point out that something that might have been economically sound three years ago may

not necessarily be economically sound at the present time under existing economic conditions.

To my mind the majority of the provinces are already overburdened with more pressing and more vital commitments at this time and simply cannot afford to engage capital in such long-range projects as proposed by the minister of northern affairs. There will come a time when economic and social conditions in Canada as well as in the provinces will not only warrant but will necessitate such expenditures, but to my way of thinking we have not yet arrived at that day; and any serious attempt to make the northern vision come true at this time would indeed be trying to run before we can walk.

There are too many lacunas in our economic and social set-up and too many urgent economic development projects of all types to be realized in the inhabited area of our country to embark on a huge building program in the uninhabited area for resources for which there seems to be no urgent need at this time, and which we might well leave to those generations of Canadians yet unborn who may have a far greater need for them than we have. Any attempt now to make the Prime Minister's vision of a self-governing north come true would be taking a bite out of a huge piece of responsibility without having half digested that very heavy responsibility which the government has to face at the present time.

There are hundreds of segments of our economy in the immediate area which are in urgent need of projects which come within the jurisdiction of the federal government, and which I claim might more easily provide work for the hundreds of thousands of people who are still unemployed in our country. There are bridges; there are tunnels, causeways, underpasses, railroads, airports, port facilities, which are urgently required from one end of our country to the other and which I am sure would contribute greatly to the economic growth and stabilization of our country.

There is, of course, another great economic problem that arises out of the relationship of the federal and the provincial governments, and more particularly the municipal governments. Surely, Mr. Speaker, the Prime Minister has not forgotten about the municipal problem. At page 29 of *Hansard* of January 9, 1957, the Prime Minister had this to say:

> There are many things with which we agree. We agree—

He was speaking of Mr. Harris' budget.

> —as to the need for assistance to the municipalities across this country.

Yet, Mr. Speaker, there is nothing in the budget that has anything to do with the municipalities. There is nothing either in the vision or in the government's national development program that may be construed as assistance to municipalities. There is a vague promise of holding a federal-provincial-municipal conference at an indeterminate time and also with an undetermined agenda. I submit that is not assistance; that is merely procrastination.

I certainly hope the conference will take place soon and that concrete solutions will be found to the inter-governmental fiscal policy; but surely, Mr. Speaker, the Prime Minister, with all the experience he has had and with the innumerable briefs that have been submitted to him on this problem, is aware that apart from this very difficult fiscal problem the municipalities are confronted with a multitude of problems for which government assistance could and should have been provided under a national development program.

The government national development program might have given special attention to the construction of projects coming within its jurisdiction which would have been of particular economic value to the municipalities. I do not know all the projects that might be useful to municipalities, but I do know of one in my own riding, where the project would be not only of national value but of extreme help to the municipalities in one whole area. I am referring to Sorel, which is a port on the St. Lawrence seaway about 50 miles below Montreal, at the junction of the Richelieu river which, as hon. members know, is a direct water route to New York by way of lake Champlain.

Ever since before confederation this route has been used for trade by small boats, and we had always heard and read about the project for an internal waterway in that area. It was only in 1938 that the then member for Richelieu-Vercheres, the late Hon. Mr. Cardin, actually started the project by having the Richelieu river dredged to 12 feet in several of its areas, with a dam at St. Ours and Fryar island to enable ships with a draft of 12 to 14 feet to go through.

The war came along and the project had to be stopped. Since then the Richelieu river has become a forgotten waterway. Yet, in spite of very difficult conditions, where the river is only six feet in depth in certain sections, and in spite of the interminable dams and locks at St. Johns, this river has been used in the past for a considerable amount of trade. I would like to pay tribute here to what I believe to be one of the pioneers of this new water route, the Guy Tombs Company Limited, which under very serious difficulties has continued over the years to have a fleet of ships travelling along that particular waterway.

The United States is equally interested in realizing this waterway, and recently when a delegation from my riding presented a brief to the Prime Minister concerning this project there were indications that representatives from the United States were willing to effect their part of the work on the Hudson river, to realize an international waterway of a depth of 12 feet. I submit, Mr. Speaker, that with the industrialization that has taken place below Sorel this would be an economically sound project.

I would also say this. Since Canada is now engaged with the United States in the joint defence of the North American continent, I submit that it would be extremely useful to have an inland water route to New York by way of the Richelieu river and the Hudson river. This project would not only bring more into the Canadian economy and national security than it would take out of it from a national point of view, but it would also, I believe, be of tremendous assistance to a countless number of municipalities along the Richelieu river.

This is but one example, Mr. Speaker, of a national development project which would be useful to the national economy and which would at the same time be of tremendous help to the municipalities. Another municipal problem, apart from the taxation problem and apart from their insufficient revenue potential, is that practically all municipalities have arrived at the point in their evolution when serious attention should be given to the elimination of blighted and substandard areas that exist, unfortunately, in most municipalities and which are not in keeping with the economic and social development that has taken place in recent years. It seems to me that before trying to conquer new fields, a national development program should be helping our municipalities to get rid of those dwellings that are not only veritable firetraps but are completely incompatible with the moral and physical health standards that we have a right to expect in a country like Canada.

A well balanced national development policy should include an urban redevelopment program such as the Liberal party and my leader advocated yesterday under which, because of the staggering costs of acquiring and clearing substandard areas, the federal government should bring in an amendment to the legislation which was introduced by the previous government so that the federal government would assume 75 per cent instead of 50 per cent of the cost of acquiring substandard areas, and also to furnish additional help to the municipalities by sharing the cost of water, sewers and other municipal services.

[Mr. Cardin.]

Apart from this program there is another serious and urgent problem facing municipalities, namely the problem of providing municipal facilities and community growth requirements which alone impose such financial burdens on the municipalities that they have to have recourse to means other than taxation to meet their obligations. They are forced to borrow money at rates which in most cases are prohibitive. The Prime Minister is well aware of this problem because on March 28, 1957—

Mr. Green: May I rise on a point of order, Mr. Speaker. I would draw Your Honour's attention to the fact that this question of municipal finances has already been debated and decided on a subamendment which was moved during the throne speech debate. Your Honour will find the subamendment at page 626 of *Hansard*, moved by the hon. member for Kootenay West (Mr. Herridge) and seconded by the hon. member for Assiniboia (Mr. Argue) in these words:

> We respectfully represent to Your Excellency that, in the opinion of this house, consideration should be given to the advisability of presenting legislation at this session to relieve the very heavy financial burden now carried by the municipalities of this country.

May I submit with great deference, Your Honour, that discussion along the line now being followed by the hon. member for Richelieu-Vercheres is not in order, and that the amendment before the house is not in order in so far as it refers to municipal improvements. I am not raising the same objection to references to transportation and other facilities, but the amendment, in so far as it includes municipal improvements, is a repetition of the amendment moved by the members of the C.C.F. group on May 29.

Mr. Chevrier: Mr. Speaker, If I may I should like to say a word on this point. The leader of the house seems to have declared himself on behalf of the government as the one who rises repeatedly to object to our participation in debate.

Mr. Green: Oh, no.

Mr. Chevrier: He specialized in that yesterday.

Mr. Green: No, Mr. Speaker.

Mr. Speaker: May I ask the hon. member for Laurier to address himself to the point of order.

Mr. Chevrier: I will, Mr. Speaker, but I was prefacing what I had to say with the statement that it seemed to me there had been too great an attempt on the part of the house leader and the government to stop members on this side of the house from speaking. The leader of the house has stated—

Mr. Speaker: May I remind the hon. member for Laurier that we are only dealing with the specific point of order which has been raised at this time. I think it is inappropriate to refer to previous points of order, though the hon. member may perhaps have a right to comment on a course of action.

Mr. Chevrier: Thank you, Mr. Speaker. I believe there were two points raised by the house leader. The latter one I will not deal with, namely that the amendment is out of order. The first one is that the hon. member was out of order in dealing with the subject he was discussing at the time he was interrupted. My point is that the amendment moved yesterday by the Leader of the Opposition is so broad and so wide because of the terms used such as "transportation facilities" and the reference to "social capital" as to include a discussion such as that which the hon. member for Richelieu-Vercheres has been carrying on. For that reason and with respect I submit to Your Honour that he should be allowed to continue his remarks.

Mr. Speaker: May I say that while we have been debating the point of order the hon. member's time has expired, but I shall give him the time taken on the point of order. I think it would be inappropriate to deal with municipal finance on this amendment, but it is appropriate to discuss the amendment in so far as it deals with municipal improvements as a form of social capital. There is a distinction there. If it is a question of the fiscal relationships of municipalities, the house has taken a decision on that point, as has been pointed out, and I would ask the hon. member to keep to the material side of municipal social capital, that is works and improvements.

Mr. Cardin: Mr. Speaker, I had the impression that that was in fact what I was doing at the time.

Mr. Speaker: May I say that the Clerk, who has kept the time taken by the point of order, indicates that the hon. member has four minutes more.

Mr. Cardin: Thank you, Mr. Speaker. It might be interesting to read what the Prime Minister had to say on this problem as found at page 2777 of *Hansard* for March 28, 1957. He said:

> Cities across the nation find themselves actually in a position where the costs of borrowing are making it impossible for them to carry on the ordinary and requisite expenditures to meet an ever-increasing population. What is the government going to do about it? What action does the government intend to take? It superintended the imposition of higher interest rates. It refuses to reduce its wasteful expenditure. It refuses, as I said a moment ago, to permit the setting up of either a commission or committees to recommend action. All of us agree with the objective, namely, that this situation must be met. The only difference between us is that we do not believe it can be met with a government that persists in spending and increasing its expenditures without regard to the effects of these increases.

I recall very well, Mr. Speaker, all the eloquence and finger shaking that accompanied the Prime Minister's words pronounced just a little over a year ago. But when we examine at length the billion dollar deficit, and when we realize that in spite of all the very fine oratory no mention was made of the municipalities' difficulties in borrowing money in the Prime Minister's national development program or elsewhere, we can very well wonder whether the Prime Minister is not placing much too much emphasis on oratory and not sufficient emphasis on logic.

The Prime Minister, of course, might have done a great deal worse than take the suggestion made by my leader yesterday of creating a municipal loan fund in order to make additional money available to municipalities at a reasonably low cost. This, I submit, would not only have provided money to permit municipalities to engage in necessary municipal projects, but also would have enabled them to provide work for the countless numbers of unemployed now plaguing each municipality. Certainly legislation along this line would not only have assisted municipalities in facing up to their increasing responsibilities but would have been an effective part of a practical, if not of a visionary, national development program.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise with mixed feelings. I am happy that I am given the opportunity to perhaps educate some of the hon. members opposite as to what is actually going on in parts of the northern territories of Canada. It rather made me a little sad while I was listening to the hon. member for Richelieu-Vercheres (Mr. Cardin) to think that he thought we in the Yukon and Northwest Territories are something less than Canadians.

Mr. Cardin: I never said that.

Mr. Nielsen: The hon. member for Richelieu-Vercheres stated in his remarks that these areas are uninhabited. I can assure him that they are inhabited, and I will have more to say about the remarks of some other hon. members of the Liberal party in that regard later. There are people there. These people are Canadians and they are proud of that fact. These people are pioneers. In some cases they have been there for 60 years waiting for someone with a little aggressiveness and gumption to come along and do something about developing the country.

National Development Policy

All through the debate on the speech from the throne various hon. members opposite rose and ridiculed the vision we have been speaking about, not just in the weeks leading up to the last election but for years. They have ridiculed it as electioneering. They have reviled it out of jealousy that they did not have the foresight to plan it before this aggressive group did. They have scorned it as unimportant compared with other areas of Canada. They have scoffed at it so as to belittle its true importance to unity and to the necessity for national development. They have dismissed it as some sort of illusion or mirage. All these terms have been used.

But all along these same people who have used these terms have claimed the credit for the plans that are now being put into effect in the northern regions of Canada. They have claimed credit for these plans because they thought it was of some benefit to them to do so. Despite all this invective coming from the opposite benches they claim these plans as Liberal, as something good, so why do we have all the criticism? If the plans are good, and they must be good if they claim them as Liberal, then why do we have all the criticism?

I thought I might, for the benefit of some of the members, do a little take-off on the poems of Robert Service. I have four such compositions for which I should like to ask your forbearance. One of these I have composed concerns the lack of Liberal policy in the north, and it is a take-off on "Sam McGee", with apologies to Robert Service:

There was lots undone in the midnight sun
By the government of old
The people up there had heard great tales—
For twenty-two years they were told!
The northern lights have seen queer sights
But the queerest they ever did see
Was June the tenth—the reckonin' day
Still no Liberal policy!

Now this great land for so many years
Had heard these promises all
And the trusting souls who lived up there
Thought the Liberals on the ball
But nary a plan was ever in sight
Mapping northern development
'Til the P.C.'s came along one day
And formed the government.

There are now things done in the midnight sun
By the men who have the power
Soon Arctic trails will tell their tales
Of Yukon's finest hour.
For a national policy just *can* be
We differ from Mr. Lesage
And Lionel, there *are* others up there
Excluding poor Sam on Lebarge.

Bold and fearless, sound and strong,
Must be our policy
Impossible said Minister Lesage
And Liberals all agreed.
Those in the north, they're just not there
Said Mr. Chevrier too
But the biggest mistake that was made by far
Was Mike's famed igloo.

[Mr. Nielsen.]

Let me return to serious discussion for a moment and see what the policy was, or lack of policy, under the former administration. I refer to *Hansard* for February 12, 1957, page 1197—

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. Yesterday the leader of the house took exception to discussions of a retrospective character in this debate. He said that the motion dealt with the future and not with the past. It seems to me I shall have his full support in raising the question as to whether or not these discussions about the past have anything to do with the motion before the house.

Mr. Green: The hon. member for Bonavista-Twillingate is stretching my representations out of all recognition. What I objected to was the attempt by the hon. member for Laurier to make a speech on the St. Lawrence seaway project.

Mr. Chevrier: If my hon. friend wants me to raise the point of order before the house, I will do so now.

Mr. Speaker: I seem to recall that the motion introduced by the Leader of the Opposition contained a reference to two or three stages of development in Canada, going back to confederation. I do not believe, therefore, we can rule out the past entirely if we are going to be consistent. With respect to the latest intervention by the hon. member for Yukon, perhaps we have different views about his poetic effort, and I appreciate there is some difficulty in working in such words as "the hon. member for Laurier" in any of Service's meters, nevertheless he should refrain from naming members by name. While perhaps I can look upon it as poetic licence, I hope he will not repeat the offence.

Mr. Nielsen: My apologies to the hon. member for Laurier, if he did take offence at my poetic licence.

Mr. Chevrier: On the contrary, it was willingly accepted.

Mr. Nielsen: The former minister, Mr. Lesage, had this to say at page 1197 of *Hansard* for February 12, 1957:

> Therefore, it is really since the post-war period that it has been possible to look forward to our northern development.

He further said that most of the development was made possible after the Liberal administration had been relieved of the pressures generated by the second world war. On page 1198 he went on to say:

> Then there is the human problem of this population in the north. We cannot develop 40 per cent of Canada in five years—

No one has any quarrel with him there.

—I do not believe we can have people who are still living in the stone age transferred overnight to the atomic age.

Apparently this statement is along the same lines as the thinking of the hon. member for Richelieu-Vercheres. I should like to reiterate that we are not in the stone age in the Yukon. I am happy to see that the hon. member for Mackenzie River (Mr. Hardie) has just entered the chamber. I am sorry he was not here while the hon. member for Richelieu-Vercheres was speaking, because I am sure he would have been disappointed to hear a member of his party advocate the position his party takes with respect to the north.

Then on page 1199 of *Hansard*, to which I have referred, Mr. Lesage said:

So the Leader of the Opposition wishes to have a national plan—an over-all master plan for the development and management of resources in Canada. Mr. Speaker, I do not believe it is up to the federal government to initiate, produce and administer such a national policy according to such a master plan.

We see here, clearly elucidated in the statement by the minister of northern affairs in the last administration, that a national development plan is impossible. Time after time the present Prime Minister has referred to the need for a national development policy. A brief sketch of the history of the proposals put forward from time to time when this party was in opposition is contained in a speech made by the present Prime Minister on February 11, 1957, commencing on page 1153 of *Hansard*. The Prime Minister went briefly over the history from the most recent representations back to June 16, 1952, when certain amendments were recorded containing statements connecting this party with definite policies.

At that time also the Gordon commission was discussed. The Prime Minister had this to say about it:

There has been a thunderous silence on the part of the government with respect to the action that it intends to take in this regard.

The reference is to the various proposals put forward by the Gordon commission with respect to national development and development of the north. It is only now that the Liberal party has come forward with anything concrete in the way of a national development policy, and that is in the form of this amendment. We have the former minister's statement that there can be no such national plan, yet we have the anomaly of this amendment which, incidentally, is being supported by the C.C.F. group and which is directly contrary to the policy expressed by the previous minister.

I might say that that announcement of policy was made by the former minister during the throne speech debate during February of 1957, and the amendment was put forward by the present Prime Minister. This amendment, calling for a national development plan, was supported by the C.C.F. group. I realize that it is not proper to comment on the way in which any particular member of the house voted, but I may say here that at that time the amendment proposed by the Prime Minister was defeated by a vote of 121 to 67, the C.C.F. group voting as a whole with us.

We have also heard from the Leader of the Opposition and from the hon. member for Richelieu-Vercheres that the truth is, if the truth were known, that these plans concerning the north were not our plans at all but were the policies of the former government. I wonder whether they were the policies of the former government. Inasmuch as statements of the facts are not a monopoly of hon. members opposite, perhaps we might put some facts on the record as well.

I am now going to quote from a speech made by the hon. member who had the honour to represent the riding of Yukon in 1957 and who, as is obvious, was subsequently defeated. Perhaps this quotation which I am about to read will give an explanation why. I have spoken about the ridicule which has been heaped upon this idea of a vision of northern development. Let me read from the speech by Mr. Simmons on January 15, 1957, as reported at page 264 of *Hansard* of that date:

Just at this point I might say that the previous financial agreement between the federal government and the territorial government will expire on March 31 of this year. A new agreement will then come into effect. The agreement presently in force has most certainly failed to meet the present needs of this fast-developing territory because of the shortsighted, penny-pinching attitude of those people in the department who formulated the policy contained in the agreement when it was drawn up about five years ago. It is to be hoped that improved vision and better understanding will be displayed in connection with the drafting of the new fiscal arrangements.

That was a member of the Liberal party speaking about his own government of the day and their approach to northern development. He went on to say this with regard to the outlook for the north:

I have no doubt that the persistence which these oil explorers are known to possess, their skill and the money which they are willing to venture will lead to the discovery of further oil fields in this area.

Speaking about this risk capital, which the Minister of Northern Affairs and National Resources spoke about yesterday and which the hon. member for Richelieu-Vercheres has

dismissed as figures which are being bandied about, may I remind hon. members opposite that the hon. member for Essex East has said that Right Hon. Mr. Howe, when he was in this house, said that this was a possible estimate as far back as three years ago.

Mr. Pickersgill: Three years ago there was a boom.

Mr. Nielsen: Hence when the hon. member for Richelieu-Vercheres makes statements to the effect that there are half truths and subterfuge, and when he perhaps accuses this party of creating misconceptions in the public mind, if I were that hon. member I would have regard to these facts.

Further as to this vision, and going back to Mr. Simmons, as reported at page 266 of *Hansard*, in speaking of the road program we find him saying this:

> The road would be one of the most important projects that could be undertaken to promote the economic welfare and stability of the northern Mackenzie river district,—

He is speaking of the self-same road that has received so much criticism, the one going through to the vicinity of Fort McPherson.

> —as well as the northern Yukon areas. In fact it would be nothing less than culpable neglect on the part of the government to sidestep further this highly significant and very practical measure.

This is Mr. Simmons speaking, a member of the Liberal party.

> If our north country is to be opened and developed in the way it should be, the federal government should assist the companies and individuals who are willing to risk capital in such ventures, especially in areas which are favourable to mineral development....Development of its mineral resources has been retarded throughout the years by the lack of roads, the result of a lack of administrative vision....
>
> The arrangement with the federal government on the Canol road—

About which I will have further remarks to make later.

> —promised a maximum of $2,500 a year for maintenance, provided the company expended $2,500 a year. When it is considered that this sum was to provide for the maintenance of 150 miles of gravel road, including 21 timber bridges and 40 culverts, it can be seen how niggardly this assistance is.... The indifference of those responsible for the maintenance of this asset is difficult to understand.... As far as is known, no maintenance has been provided by the federal or territorial governments during that time with the exception of the paltry sum I have previously mentioned.

Then at page 268 we find this:

> Official thinking here in Ottawa has in the past fallen far short of meeting the real problem. There has not been the necessary vision on the part of officials to grasp the requirements of the situation.

This, Mr. Speaker, is the previous Liberal member for Yukon expounding what have long been Conservative policies. Perhaps that is the reason for his acute criticism of the lack of action on the part of his colleagues who formed the last government.

As to national development and the national development policy itself may I say this. The Leader of the Opposition says that national development should not merely be centred on northern development. Again I would draw the hon. member's attention to the speech that was made by the Prime Minister as reported in *Hansard* of 1957, where over and over again he stressed the fact that a national development policy must have regard to a co-operative program of development entered into with the provinces and the territories. Hence it is wrong to create the illusion that this party is attempting to centre national development policy on Canada's north. Our policy is not centred on the northland. Certainly there is an emphasis which is being given to northern development, but there is not a centring there of all national development. One has only to look at such projects as the Beechwood project, the South Saskatchewan river dam and others that are in the making.

The Leader of the Opposition also stated that we should have a balanced policy. I do not mean to offer criticism of the Leader of the Opposition simply for the sake of criticism, but I say this. Even if it cannot be said, "Why didn't you do it", certainly one cannot stand idly by and hear a brand new policy being expounded by the Leader of the Opposition without drawing attention to the glaring fact that if this amendment which is now before the house constitutes a policy, it is the first time that any policy of national development has been expounded by anyone in the Liberal party.

Mr. Martin (Essex East): I am sure the hon. member will want to be very fair in his observation. The Leader of the Opposition expounded a policy which was predicated in part upon the decline in public investment in Canada at the present time, which is quite a different situation.

Mr. Nielsen: I was coming to that in a moment, and I was only making the point that the Leader of the Opposition did go so far as to say that there was now a change in the economic situation and that therefore we must have a flexible national development policy. That, indeed, is true, and I concede that much to the hon. member for Essex East; but I think he must agree with me that this is still the first time that any national development policy, as such, has been expounded by any member of the Liberal party.

The Leader of the Opposition gave a short review of what the policy had been in the past, and he spoke of the great advance in the development of the north immediately after the second world war. He spoke of housing and forest inventories, reforestation and fire prevention and all the grants therefor. Again I do not know whether a series of such accomplishments can be lumped together and called a policy. I do not believe so but I believe we can have a firm national development policy such as that expounded on February 12 by the present Prime Minister, and as recounted in the house yesterday by the Minister of Northern Affairs and National Resources; firm but flexible. Indeed, I do believe that the program set forth by the minister is flexible enough to cope with any economic fluctuations which may occur in the national economy.

I only have to think of the possibility of the projected development at Coppermine, which I believe is what the Leader of the Opposition had in mind. When the economic situation develops to a point which would warrant such development a road will be extended to that area. That is the way the minister explained it; and when one speaks of a national development policy and national housing development I can only say that until this government came along there were, I believe, three units constructed under the National Housing Act in the whole of the Yukon territory. One can see how marvellously that legislation worked out in the Yukon. There are changes in sight which will enable low rental housing schemes to be put into effect, and in fact one such scheme has been authorized very recently by the present government and undoubtedly it will be implemented in the very near future.

The Leader of the Opposition and the hon. member for Richelieu-Vercheres have both said that these plans are not new, and the hon. member for Mackenzie River interjected during the speech of the minister attributing certain advances in the north to the previous administration. At that time I wondered where was the Liberal plan for the Flat creek to Fort McPherson road; where was the plan of the previous administration for that road? Where was the plan for the construction of the bridge over the Yukon river at Carmacks? Where was the plan for the construction of the Pelly river bridge? Where was the plan for the construction of a bridge over the Stewart river, and where was the plan for the construction of the Flat creek road into Dawson by Rock Creek Bluffs? Where was the plan for the new schools which are going to be built in the Yukon and where was the plan for the airport improvements which will be going forward up there? Where was the plan of the last administration for the improvement of the Elsa road and where was the plan for the improvement of the Dawson-Stewart road and the Tatchun creek bridge? The hon. member for Mackenzie River was holding up a map a moment ago; were these plans mere lines on a map?

Mr. Hardie: I am looking at the report of the commissioner of the Yukon Territory to the Gordon commission.

Mr. Nielsen: Where is this declared policy of the previous government? Where is the declared policy of the Liberal government to actively put these projects into effect? I defy any Liberal member to say that these projects had been planned actively by the past administration.

Mr. Hardie: The Stewart-Cassiar road, did you say?

Mr. Nielsen: No, I did not. I mentioned the Flat creek to Fort McPherson road, the bridge at Carmacks, the Pelly river bridge, the Stewart river bridge, the Flat creek road to Dawson, the schools, the airports, the improvement of the Elsa road, the Dawson-Stewart road and the Tatchun creek bridge. I might add that the estimates of the Department of Northern Affairs and National Resources have been increased by 400 per cent this year. These estimates have been increased by this government and not by the previous administration; and if these plans are Liberal plans, why did they not appear in the previous administration's estimates? Again I challenge any one of the Liberal members to show me the estimates where these projects are shown.

I would now like to read from *Saturday Night* of January 19, 1957, as follows:

> Northerners stress that the mineral resources of this vast hinterland should not be measured by the mines and prospects that have already been found, but by the geology of the region. Roughly a third of the Canadian shield, the area in which are located the Sudbury, Timmins and Noranda deposits, lies in the Territories—
>
> And, northerners add, they are hampered by an outdated government policy. They charge government officials still are trying to make work the "rule of thumb" used 25 or 30 years ago.
>
> "People on the outside look on the north as a romantic country developed by the government," said Norman Byrne, a mining consultant and veteran of 20 years in the north. "But what has the government done to develop the country? All the development here has been by private enterprise and not the government. Their policy seems to be 'You spend the money opening up the country, and then we'll think about helping you or paying you back'—just the opposite to the point of view the government should have."

And that point of view is held by this government.

Mr. Byrne charged the government seems to think mining is a promotion which doesn't always pay for itself. "The government seems to base its thinking—"

He is here speaking of the Liberal government of the day, of course.

"—on the premise that a mine must have a 10 or 20 year supply of ore in sight before it does anything to help the industry. The current thinking of leading mining men is that if a company has three or four years in sight, it is justified in bringing a property into production if production will pay for the gamble and provide a return on the money invested."

He stressed mining companies need help when they are struggling to get into production, when it is difficult to get the needed finances.

I would just like to make one comment while on this article in *Saturday Night* about the total lack of foresight and lack of policy on the part of the previous administration. During the war, a road and a pipe line were constructed up there, namely from Johnson's Crossing in Yukon Territory to Norman Wells. This road was constructed at a cost of roughly $500 million, and it was given to Canada at the end of the war. On this subject *Saturday Night* has this to say:

An example, now almost forgotten, is the construction of the Canol pipe line and road to carry Norman Wells oil to a refinery at Whitehorse, Yukon, during the second world war. Roughly half a billion dollars were poured into the mammoth task of pushing the line and road over the saw-tooth Mackenzie mountains and across the muskeg and turbulent rivers.

When the war ended, the refinery was dismantled and shipped to Edmonton. Before the bridges were washed away and the roadbed crumbled, crews salvaged as much of the abandoned equipment and pipe as possible and disposed of it at distress prices. All that remains of this defence effort is an impassable road along which is strewn some obsolete and worthless equipment.

I am very happy to say that this road will be rehabilitated this year. In all fairness to the previous administration, they did plan to do this work and laid out about one-third of the money necessary for this purpose. They planned a visionary, active and aggressive three-year program for rehabilitation of this kind while there were ore beds in the territory awaiting development. It will be done in one year. This is a perfect example of the so-called planning that was conducted under the previous administration.

I promised the hon. member for Essex East (Mr. Martin) that I would deal with what the Leader of the Opposition (Mr. Pearson) said yesterday. At page 1963 of yesterday's *Hansard* the Leader of the Opposition is reported as having said:

—our post-war development of this country was tempered by our desire in those years to postpone what could be reasonably postponed so it would not compete with the high level of private investment.

[Mr. Nielsen.]

He went on to say:

I do not for one minute, however, accept the contention of Conservative spokesmen in the last election campaign that this kind of program in the Arctic about which they talked at that time, a road program, a transportation program, would have any considerable effect, if any effect at all, in the immediate emergency which confronted us, which was unemployment. It is one thing to put forward a program for national development in the Arctic,—

That is stretching the truth of the program, in effect.

—but it is another thing to put forward a program of that kind especially when it is contained in estimates which already have been drawn up as a cure for the unemployment emergency.

I submit that this argument is fallacious. In attempting to explain away the reason why the Liberal party did not have a policy the Leader of the Opposition said that it was the desire of the Liberal administration—to quote the hon. gentleman's words:

—to postpone what could be reasonably postponed so it would not compete with the high level of private investment.

We can see how false that argument is because by not postponing the construction of the Flat Creek-Aklavik road we now have an investment of between $150 million and $250 million of private money being pumped into our economy.

Mr. Hardie: Will the hon. gentleman permit a question? Would he tell us when this sum of between $150 million and $200 million will be spent?

Mr. Nielsen: If the hon. member for Mackenzie River had been here throughout the entire course of the speech made by the Minister of Northern Affairs and National Resources (Mr. Hamilton) yesterday, he would have the answer to his question.

Mr. Pickersgill: There was no answer to that question.

Mr. Nielsen: I might mention that I cannot understand the hon. member for Mackenzie River having the temerity to criticize this program, coming as he does from an area of Canada which is so very much in need of the type of development for which this program provides.

Mr. Hardie: I asked you a question, my boy.

Mr. Nielsen: I must also admit that I cannot understand either why hon. members of the C.C.F. group would support the motion they did during the throne speech debate on the last occasion on which the Liberal administration brought down a throne speech because in essence it was opposed to what they are supporting today.

Mr. Argue: Not at all.

Mr. Nielsen: It is on the record and you have only to read it. This political flexibility of the Liberal and C.C.F. parties has always amazed me. I sometimes like to refer to it not as a schizophrenic split personality but as a split morality.

The Leader of the Opposition also dealt with the national development program which was first expounded by the Prime Minister (Mr. Diefenbaker) on February 12, and as reported at page 1963 of yesterday's *Hansard* the Leader of the Opposition said:

> This kind of claim during an election campaign or subsequent to an election campaign, and even if it is made in this house this afternoon, does not make sense. A program of national development in the north to improve transportation and communication for national development purposes, carrying on the planning and development which has been going on for years, does make sense.

"A program of national development in the north," was not what was said by either the Prime Minister or the Minister of Northern Affairs and National Resources. They and other hon. members in this party have all along referred to a truly national development plan involving the co-operation of the provinces and the territories. Again I remind hon. gentlemen in all parts of the house and members of the public generally that the national development program of this government is not confined to the north.

One has only to look at the figures to realize how much development has been going on in years past. The expenditures by the previous administration in the construction of new Yukon roads in 1944-45 were $20,500; in 1955-56, $152,500; and in 1956-57, $75,000. The estimates for this year for the construction of roads in the Yukon territory total $452,000. The estimates of the previous administration for the last fiscal year for the construction of roads and bridges in the Yukon territory amounted to $480,941. The estimates for this year represent an expenditure of $3,138,600.

While time still permits I wish to refer to a pamphlet published by the national Liberal federation for use in the last election campaign entitled "For Jobs, for Peace, Vote the Pearson Plan". I have read it from cover to cover and it contains this interesting statement:

> Northern Development—A long-term program of northern development including prompt construction of a railroad to Great Slave lake.

This is the national development policy which was expounded afresh by the Leader of the Opposition yesterday? I thought perhaps hon. members opposite would eventually come to believe that the north represented an area worthwhile of development but on the basis of the statements they have made I am disappointed. Perhaps I should not have been disappointed in view of an article which appeared in the London *Free Press* on February 18, 1958 under the headline, "Charges 'Panic' of PC's Forced Winter Election." The article reports on a speech made by the Leader of the Opposition on an occasion when he shared the platform with the hon. member for Laurier (Mr. Chevrier). The article reads in part as follows:

> Joining him on the program was Lionel Chevrier, one-time transport minister and the federal Liberal party's top man in Quebec.
>
> Mr. Chevrier suggested the party's election pledge of $400 million in tax cuts was a far better solution to unemployment problems than the Conservatives' national works program.
>
> Unemployment was found in heavily-populated areas, such as Quebec. But the Conservatives were planning construction in far-off places, such as a $100 million highway in the Yukon vicinity "where there is nobody....and therefore no unemployment."
>
> "Do the Conservatives intend to force the unemployed of our cities to leave for the far north of our country to find jobs?" he asked.

His remarks imply that the hon. member for Laurier does not feel that this is the way the people are thinking. We have already heard a great deal about the "igloo to igloo" statement.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but I must advise him that his time has expired.

Mr. Nielsen: Mr. Speaker, there was some time taken up in discussing a point of order while I was speaking and I wonder if I have been given credit for that time?

Mr. Deputy Speaker: Actually I was out of the chair so I cannot say. I am told that you already have had two minutes additional time. However, if you confine your remarks to a minimum and if it is the pleasure of the house to permit the hon. member to carry on I suppose this would be all right.

Mr. Nielsen: I have just three or four minutes.

Mr. Deputy Speaker: Is it the pleasure of the house to permit the hon. member for the Yukon to continue?

Some hon. Members: Yes.

Mr. Nielsen: Thank you. I just have one word left concerning the demand for minerals, and I refer to an article in the *U.S. News and World Report* in support of the proposition of ours that as the demand is increasing, it is not wise to wait for the maximum development of that demand before this government starts to think about development roads. We have to keep ahead of the game. We cannot start building the roads when the demand is there; we have to anticipate the

demand. This is only prudent. This article in the *U.S. News and World Report*, a United States publication, describes the area of northern Canada and it goes on to say that:

> United States planners heave a sigh of relief when they look at Canada's northwest.
>
> In that great wilderness is a treasure trove of oil, nickel, copper, uranium and a host of other minerals that the United States needs in ever increasing quantities.

I quote this, Mr. Speaker, because we must look not only to the development of our resources for all Canadians in all parts of Canada but we must anticipate the demand and we must anticipate it in such a way that we shall maintain for Canadians now and in the future our economic sovereignty over the host of minerals that will be developed as a result of this program.

I close on this note, Mr. Speaker. We, in the Yukon at any rate, have long awaited the aggressiveness and the farsighted and visionary policies that this government is now putting forward and certainly the Yukon as well as the Northwest Territories, is just waiting to spill those riches into the lap of the waiting world. I am sure, Mr. Speaker, after having listened to the speeches of hon. members of the opposition so far in this debate, that we in the north can thank our lucky stars and the intelligent exercise of the franchise by the Canadian electorate on March 31 when they decided to accept the development policy of the present government, without which we would still be languishing, and I am sure in the future we would maintain, our position as a second-rate mineral producer. Thank you.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, I am rising to support the amendment proposed by my leader. In spite of expansion there seems to be a tendency to tighten and to restrict trade. This seems to be the appropriate time to get on with some of those works and needed facilities which could not be done during the golden age of Liberal prosperity because people were busy doing other things; but I would like to speak particularly on transportation and specifically at the moment on the trans-Canada highway in the Atlantic provinces.

Even with the 50-50 formula, the building of the trans-Canada highway places very heavy burdens on the Atlantic provinces. The 90-10 support policy was not sufficient to relieve the pressure of this burden. My leader promised that if elected he would build 90 per cent of the mileage of the roads through the Atlantic provinces. I would like to request that if the government cannot see its way to carry out that policy, it at least consider giving additional help. In my own province of Newfoundland I would suggest that perhaps if the government would take over a hundred miles of the trans-Canada highway, that is an additional 100 miles, it would give a great deal of aid which would be of great value in completing a very badly needed facility. It would aid in the speeding up of the building of the trans-Canada highway from coast to coast and would permit the provincial government to give more attention to roads leading to the smaller and more remote settlements where road transportation facilities are badly needed.

In addition to the trans-Canada highway as it is now, I would like to suggest that a road leading from Grand Falls up the great northern peninsula be built and considered as a part of the trans-Canada highway and that some means of transportation across the strait of Belle Isle might be considered. Perhaps the most feasible would be a ferry on the strait but the possibilities of a causeway, which has already been mentioned, or of tunnelling under the strait, should not be overlooked. I know that in the future direct road communications between the island of Newfoundland and the mainland would be of great value.

In addition to roadbuilding in the island itself, there is strong reason to believe that a road built up the coast of Labrador would be very desirable. Perhaps for more immediate consideration we should think of air strips in Labrador. The forerunner of development is the float plane. After the float plane come the larger land planes which are required to bring in equipment needed to develop natural resources, and that indicates airstrips. Airstrips could very well be the forerunners of the roads to resources, the roads to development of the north, and I must admit I am particularly interested in the Labrador which, in a big way is my part of the north. It is also probably the oldest part of the north as far as our nation of Canada goes.

Then the matter of highways to supplement coastal services should be considered. This is not a new idea but I do hope that the idea, although it germinated during Liberal days, will not be overlooked. At the present time, at enormous cost, coastal steamers are built and operated, giving water transportation which has been traditional in Newfoundland for many years; but as roads begin to finger up the various and more remote parts of the island people are more and more desirous of having road communication. It is faster and more practical. Mail delivered by roads gets there faster than by boat, and I am not so sure that roads are more expensive than steamers. I would respectfully ask the government to consider the possibility of

using highroads to supplement at least in part coastal services by steamer.

Again, in connection with transportation, I would like to mention the harbour development in St. John's. My reason for mentioning this is that the schooner operators from White bay and Green bay are just as much interested in what happens in St. John's harbour as the people of St. John's themselves or anyone else.

Everyone seems to have a different opinion as to what should be done at St. John's and I suppose it requires a certain amount of temerity to mention the subject. But I am convinced that the plan prepared by the Department of Public Works is not only a good one but the correct one. There is only one possible criticism I can see, that it does not extend around the harbour far enough. But that is scarcely a criticism because if time and circumstance should make it desirable to extend it there is nothing to stop extension of work already done. Even the criticism that the wharf commonly called the Finger wharf, I believe, would restrict the room for schooners in the harbour at St. John's is not valid. Under this plan there would be room for schooners to berth instead of anchor and there would be the ideal harbour where every vessel could tie up and have access to the shore instead of anchoring in midstream. I hope the government will find it possible to go ahead without delay with the harbour work. It will not only facilitate trade but should mean lower handling costs and, finally, lower costs to consumers.

There is something else I should like to mention with regard to St. John's or, for that matter, any suitable port. That is the construction of a grain elevator with a flour mill. St. John's or any other suitable port in that general area would be ideally situated for the distribution of feed grains as well as flour. I would say that roughly a million people could be served by a flour mill in St. John's. Not only the maritimes but the West Indies and South America and Europe also could be supplied from the Newfoundland port during the winter when the St. Lawrence is closed to navigation.

Far from hurting Nova Scotia it should promote and improve trade between Halifax and St. John's because it would provide return trade. Two-way trade would bring down freight rates generally and should stimulate trade between the maritime provinces and Newfoundland. The result would be that all the Atlantic provinces would benefit. One point often overlooked particularly when looking at a flat map but which is easily understandable when looking at a globe is that the port of St. John's is nearer to South America by several hundred miles, I believe, than is the port of New York.

I mentioned air strips a minute ago and I should like to come back to the matter of air services in Newfoundland. Air services in a province such as ours are much more important than in some of the other provinces of Canada. Quite frequently the only reasonably fast communication is by air. Eastern Provincial Airways, the local air line, has done a magnificent job in providing a triangular service in Newfoundland as well as service right down the whole coast of Labrador. The stories of their many mercy flights are legion. Suffice it to say that they have rendered a service unequalled and have brought much needed amenities to the people they serve which heretofore they had to do without. Their big handicap is that during the seasons of freeze-up and break-up it is impossible to operate on either floats or skis. Therefore their service is restricted with considerable discomfort to the public. What is indicated is either the building of air-strips or, what is probably more feasible, the provision of helicopter service during the periods I have mentioned.

Some of the projects I have named are of considerable magnitude and will be costly but I am sure that in a world which is actively considering colonizing the moon it is not too much to ask that development take place within our own realm.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday I listened with great interest to the speech made by the Leader of the Opposition (Mr. Pearson) and also to the wording of the amendment. You know, it is strange what great changes come over one when he moves across the floor of the house.

Mr. Pickersgill: We have noticed that.

Mr. Green: I suppose that works both ways.

An hon. Member: It certainly does.

Mr. Green: But here we were yesterday listening to the leader of the Liberal party moving by way of an amendment what he described as a national development policy. My thoughts went back to the amendments we moved on several occasions when we were in opposition urging the government of that time to adopt a national policy. We thought we had a patent on national development policy. Therefore it is quite a shock to find the Liberals of all people now coming forward and making a great outcry in support of a national development policy.

Mr. Martin (Essex East): Our provocation is greater than yours was when you were on this side.

National Development Policy

Mr. Green: I am interested to see how the hon. member for Essex East (Mr. Martin) turns himself into a chameleon when he speaks on this amendment.

Mr. Martin (Essex East): Oh, I have no intention.

Mr. Green: Our proposals for a national development policy, of course, were a great deal more—

Mr. Pickersgill: Nebulous.

Mr. Green: —Canadian, vigorous and beneficial to the country than this milk and water amendment brought in by the Leader of the Opposition yesterday. I have here a copy of a real national development policy amendment which we moved about a year and a half ago on February 11, 1957. It was in these words:

—that the welfare of the Canadian people requires the adoption now of a national development policy which will develop our natural resources for the maximum benefit of all parts of Canada, encourage more processing of those resources in Canada, correct the present serious unfavourable trade balances, foster wider financial participation by Canadians in the development of our resources, and promote greater opportunity and employment for a steadily increasing population.

That amendment, Mr. Speaker, represented the thinking of the Conservative party when in opposition. It represents our thinking today and it emphasizes what we have been trying to do as a government during the last 12 months. It also points to the path that we shall be following in the years that lie ahead. We really do not need any amendment such as that proposed by the Leader of the Opposition yesterday to help us on the way. I refer members to this strange amendment which reads:

This house is of the opinion that, in present circumstances of declining private investment, a balanced policy of national development—

Just what he means by "a balanced policy" nobody knows, unless it was intended to appeal to different parts of the country in the way in which those different parts would prefer to interpret it.

—requires consideration by the government of active measures to meet the urgent needs of social capital—

We did not get a definition of that. I believe this is a favourite expression of Professor Lamontagne—

Mr. Pickersgill: And also of the minister of northern affairs.

Mr. Green: —economic adviser to the Liberal party at the present time. The use of these words makes me wonder whether or not he wrote the speech the Leader of the Opposition gave yesterday. Here we have:

[Mr. Martin (Essex East).]

—the urgent needs of social capital especially in the form of transportation facilities, municipal improvements, and other facilities to stimulate economic development and to promote social well-being in the settled areas of Canada.

Mr. Cardiff: Perhaps it was Knowles who wrote the speech?

Mr. Green: I never thought of that. It is now suggested that perhaps Mr. Stanley Knowles wrote the speech. He may have had something to do with it, but I believe he would have written a much better one if he had had anything to do with the drafting. This reference to social capital had one strange effect which perhaps hon. members might have noticed. It was just like a great big piece of bait on a fish hook for the C.C.F. group and the hon. member for Kootenay West (Mr. Herridge) rose to the bait and swallowed it, hook, line and sinker, without batting an eyelash.

Mr. Garland: Will the minister permit a question?

Mr. Green: Yes.

Mr. Garland: I wonder if he would care to say how many times his own Minister of Finance (Mr. Fleming) referred to this term "social capital" in his budget address?

Mr. Green: I do not keep track of how many times my colleagues refer to social capital. They may have caught this bad idea from the other side of the house. In any event, it would be extremely helpful to have a definition of just what social capital means. If it means the same thing to the Leader of the Opposition as it means to the members of the C.C.F., then we are witnessing quite a change across the floor of the House of Commons. We may be witnessing the first exciting hours of a courtship between these two forlorn opposition parties.

However, I would point out to the Leader of the Opposition and his social capitalists that he had better be careful about getting too friendly with these people over in the corner.

Mr. Pickersgill: That is what got you into office, was it not, under the leadership of Stanley Knowles?

Mr. Green: I am afraid the Liberal party is never going to get into office on an amendment such as the one it moved yesterday. I have here a statement of just what this group in the corner stand for, and what they mean when they talk about social capital. The heading is "Capitalism still target of C.C.F.". The article is from the Vancouver *Province* of June 2, 1958. At that time, at their provincial meeting, they passed the following resolution:

The C.C.F. will not rest content until capitalism has been eradicated and the full program of socialistic planning has been instituted.

Mr. Pickersgill: I am rising on a point of order. The leader opposite has been very eloquent on subjects which are not germane to the amendment before the house, and certainly an academic discussion of socialism could, by no stretch of even the ingenious imagination of the leader opposite, be considered to be germane.

Mr. Green: I was commenting on the fact that these two opposition parties rushed into each other's arms so quickly yesterday when this amendment was put forward. I am simply trying to warn Liberals of the great danger of this courtship. In so far as the member for Bonavista-Twillingate (Mr. Pickersgill) is concerned, he has said some peculiar things at times, Mr. Speaker. I have here a statement he made on April 15, 1956, which is headed "Liberals victory good for mankind, Pickersgill says":

Immigration Minister Pickersgill said Saturday—

Speaking to the Young Liberals in Toronto.

—"It is not merely for the well-being of Canadians but for the good of mankind in general that the present Liberal government should remain in office."

This illustrates the lack of judgment and what a false prophet the hon. member really is. Mankind seems to be doing much better now than it was two years ago under the government of which he was a member.

Mr. Garland: Whom do you think you are kidding?

Mr. Bourget: It has been good for 22 years.

Mr. Green: I have something that the hon. member for Essex East (Mr. Martin) said, too. Two years ago these ex-ministers were riding very high. Speaking to some Liberals in Vancouver—they are hard to find now, but at that time there were quite a few—the hon. member said:

The smiling minister told a rally in Mount Pleasant memorial hall the Conservative party is "already bankrupt". He foresaw little opposition to the Liberals in the next national election.

"There is no Conservative party today", he said.

Mr. Martin (Essex East): Since the minister is in a good mood, I may tell him I was seeking to say that the Conservative party, under men like Borden and Bennett, had disappeared and the Conservative party, in its effort to get into power, had simply adopted Liberal policies and, I might say, quite cleverly Liberal tactics.

Mr. Green: The hon. member, naturally, is very clever, but this alibi two years later does not ring true at all.

In any event, here we are considering this very pale imitation of a national development policy amendment. I do not believe that very many people across the country, or even across the floor of this house, are going to take it very seriously. There has been a good deal of discussion about whether the government has done this or has done that to bring about the development of the country. Naturally, there are differences of opinion. We believe that a great deal has been done in the few months we have been in office. Certainly, no one ever tried harder to get things done, and I think that is true of the officials in the departments. I doubt if there has ever been a time in Canadian history when a more honest, genuine and sincere attempt has been made to further developments of every kind across the nation.

In spite of the weeping and wailing we hear from across the way, there has been quite a bit of comment. We have heard from various members of the opposition that all these works projects were a myth, that they will not be undertaken for months or perhaps for years and that there is nothing to be seen of them across the country and nobody is being put to work. I have here a dispatch of June 20 from the "Daily Commercial News and Building Record" dealing with the construction that is actually going on in Canada:

Canada's 51 builders' exchanges in the near future probably will be more active than ever due to a shot in the arm in the shape of current predictions that the nation's construction program for 1958 will total a record $7,136 million. The official prediction makes the 1958 total top last year's $7,048 million by 1.3 per cent.

Surely, in all fairness, Canada having a record year in the construction industry in 1958, the government is entitled to some credit for that result. I have no hesitation whatever in saying that the actions of the government have played a large part in that result. Then in yesterday's *Gazette*, under the heading "Canadian Construction Record Set as 20 p.c. Gain Reported", we find the following:

Canada's construction industry is continuing to set records. The total cumulative dollar volume of contract awards for the first half of 1958 is the largest ever listed.

This is in a time when business is not as good as it had been, a time when we are in recession. Yet we find the construction industry this year doing more than it has ever done before in the history of Canada. The article continues:

Statistics compiled from Hugh C. MacLean Building Reports show that the 1958 six-month total of construction contract awards is $1,683,261,700, 20 per cent higher than it was at the end of this period last year, and four per cent higher than it was in 1956, the previous record year for the first six months' total.

So much for construction generally. We are very proud of those figures and I think we

have good reason to be proud of them. We hope they will be even better as 1958 goes on.

Then I wish to say a few words about one branch of the construction industry, and incidentally I may say it is a branch in which there has been the greatest increase since this government took office. I refer to the house building branch. Here I suppose we have an example of social capital. I presume that the Leader of the Opposition and the hon. member for Assiniboia (Mr. Argue) would agree that money advanced by the government for purposes of house building would be included in this mysterious classification of social capital.

As hon. members know,—and I do not intend to repeat at any length today—the government decided last August to initiate a small home loan policy. That policy has been extremely successful. The figures for loans under this policy, up to the time when we practically ran out of money in May, are $255,009,800 for a total of 26,030 units. This money would not have been spent had the government not adopted the policy we did adopt for small home loans.

Mr. Bourget: You cannot say that.

Mr. Green: I can say that. Practically none of it would have been spent had it not been for the policy adopted by this government.

Mr. Bourget: You have not shown that.

Mr. Green: Moneys were being spent for other types of housing but this was a brand new policy devised by a brand new government which was a great improvement on the old government.

Mr. Pickersgill: Would the minister permit a question?

Some hon. Members: Oh, oh.

Mr. Pearson: The minister has unlimited time.

Mr. Pickersgill: Was this policy not embodied in the statute which the minister found on the statute books?

Mr. Green: This policy was embalmed by the former government in the statute books and that is exactly where it would have been if the former government had continued in office.

There are certain features about this small home loan plan which deserve comment before I go on to show what has happened since May. In comparing the average income of the person who benefitted under the small home loan plan with that of the home owner taking out an ordinary insured loan, we find that under the small home loan plan the average income is $4,986 whereas the income of the average person getting a loan under the insured provision is $5,997, over $1,000 a year higher. The average cost of this small home is $12,905 compared with $15,337 for the person getting a loan under the ordinary N.H.A. provisions. These comparisons are for the first quarter of 1958. The average loan under the small home loan plan was $10,706 and under the N.H.A. ordinary provisions it was $11,609. The average down payment—and here is the greatest difference—under the small home loan plan in the first three months of this year was $2,199 and under the insured plan under the ordinary N.H.A. provision it was $3,728, a difference of over $1,500.

As hon. members know we came to the house in May, shortly after this session commenced, and asked for additional funds. We were given another $350 million. Since May 22, which was approximately when the funds first became available—and mind you, there was roughly $10 million remaining of the old fund—to July 4, which is a period of six weeks, money has been lent for cleaning up the small home plan as it formerly was—that is the money being lent out with the lending institutions and banks acting as agents—to an amount of $23,328,451 for a total of 1961 units. This is within the last six weeks.

Mr. Garland: Does that mean that only $13 million of the new $350 million that parliament approved has been used? The minister said $10 million was carried over.

Mr. Green: No, approximately $23,300,000 has been put out in order to wind up the old agency loan plan. In addition to that, $16,177,299 has been put out under our new residual plan which could really be divided into three parts: First, that part for cities and towns with populations of under 55,000, for which part the figure is $6,114,309; then for home owners in cities of over 55,000 population, the figure is $1,615,414; for builders both in cities of over 55,000 and centres under that figure—mind you, in the case of those builders the loans can only be made on small homes—the total is $8,447,576. That means a total of residual loans under our revised plan since May 22 of $16,177,299.

There is a third category under the limited dividend corporation plan which, as hon. members know, provides rental accommodation for the lower income groups, under which $10,816,738 has been put out. Those figures, to provide for the winding up of the agency loan plan, the new residual plan and the limited dividend plan, give a total of $50,322,488 since May 22, 1958.

Mr. Garland: Is it correct, then, that $40 million was used out of this figure of $350 million?

Mr. Green: Yes. That amounts to something around $40 million already used of the $350 million voted by this house in May.

We have tried, as a result of the debate which took place in this house when we were getting this additional money, to make the new residual loans available to a far greater extent in the smaller centres. With that objective in mind officials of Central Mortgage and Housing Corporation have written to the mayor or the reeve of every centre of over 1,500 people in this country pointing out that this plan is available for the Canadians who live in those smaller centres, forwarding leaflets to them and offering to have officials visit those centres to speak to meetings or to advise city or town councils and render whatever assistance is possible. This, I believe, is having the desired effect, and it now looks as though we will be doing a great deal more lending in the small centres across the country.

In addition, steps have been taken to popularize the smaller home. Central Mortgage and Housing Corporation participated in the construction of two sample cheaper homes, and we are hoping that there will be a move towards the building of such homes which will bring the benefit of our housing policy within the reach of a group of Canadians with much smaller incomes than those receiving loans at the present time.

Mr. Garland: Would the minister permit a question on this point. Is it the intention that these lower cost or lower quality homes will be made available throughout the country or only in rural areas?

Mr. Green: We are hoping they will be adopted in all parts of Canada, in the smaller centres as well as in the rural areas.

Mr. Garland: The minister will recognize that they will not always be acceptable.

Mr. Green: If they are not acceptable we cannot do much about it.

Mr. Garland: In many of the urban areas they will not meet the required standards.

Mr. Green: If they are not acceptable what we can do is very limited.

Another very encouraging sign is that in the Atlantic provinces there has been a great increase in the number of requests for loans. We were worried last year because these small home loans were not being taken up in the Atlantic provinces in as large proportions as in other parts of Canada. In the first 25 weeks of 1958, 880 applications for loans of all kinds were received from the Atlantic provinces, in which the National Housing Act was involved, as compared with 357 applications last year. This is an increase of 146.5 per cent, and we are very much encouraged by this improvement.

Housing starts have shot up. You know, you would not think there was any recession within 10,000 miles of Canada when you consider the housing picture. Housing starts in urban centres during the first half of 1958 were 66 per cent higher than in the corresponding period in 1957. A similar increase is estimated for the rural areas and the prospect for the year as a whole is for starts in excess of 140,000 units.

We were worried as to whether these small homes would sell, and whether as a result of this policy we might find a lot of homes would be unsold across the country. Sales have been good despite a higher level of completions this year, and the inventory of unoccupied houses has declined. At the end of May there were 2,144 dwellings unoccupied for one month or more. A year ago in that category there were 2,662 dwellings.

This all goes to show that the policies of this government have been wise and that the country is not enveloped in a great black cloud as one would gather from listening to the speeches of the Leader of the Opposition and some of his colleagues across the way.

Mr. Martin (Essex East): Look at the level of unemployment and you will see.

Mr. Green: Oh, I know the hon. member takes a great deal of pleasure from that.

Mr. Pearson: The minister takes a great deal of pleasure from ignoring it.

Mr. Green: The Canadian construction association, which is a non-partisan organization and a splendid one, has this to say:

> 1957 was a difficult year for the housebuilding section of the construction industry and demonstrated the very considerable way in which the level of residential construction is dependent upon government policy. Had it not been for the timely and vigorous approach to the problem of a shortage of private mortgage funds by the government in August, it is apparent that the volume of house building and employment would have been much lower during the fall and winter months. Like most years, 1957 was affected by a number of conflicting influences in the housing field; some good and some bad. On balance, the favourable factors had won out by the end of the year. Completions rose to over 117,000 compared with a predicted total of 100,000, and the large number of housing starts in the second half of the year and a predicted decrease in competing demands for investment funds gave promise of an increased housing program in 1958.

I forgot to mention that the ordinary loans under the National Housing Act have also been greatly increased this year. Ordinary

National Housing Act loans for the first twenty-seven weeks of last year numbered 13,002 and for the first twenty-seven weeks of this year they numbered 25,121, almost double last year's total.

I have outlined the attempts the government has made to implement a national development policy so far as construction is concerned and particularly housebuilding which is the biggest industry in Canada in these modern times. The government has taken the same approach in every other field of governmental activity including northern affairs, transport and defence production. The same approach was taken in all the activities that were undertaken by the government.

I plead with the Leader of the Opposition not to be so downhearted and pessimistic about Canada. It is terrible to see one with such a lighthearted, genial and cheery character trying to shed crocodile tears all over the House of Commons. It is not fitting. It is not in character at all for him to be acting like that.

Mr. Pearson: And it is not fitting for you to say that.

Mr. Green: I would ask him to take a look at the current issue of *Time* magazine. On the first page in the "Canadian Affairs" section there is a lovely picture of the Minister of Citizenship and Immigration (Mrs. Fairclough) and an article entitled "Fading Recession" which appears in the column entitled "The Realm". The first sentence in that article reads:

> Canada's spring recovery was surpassing the brightest forecasts of the experts.

Under the picture of the Minister of Citizenship and Immigration and Mr. Burk the following words appear:

> The nation was building its way out of the slump.

And today we have the current issue of the *U.S. News and World Report* dated July 11.

Mr. Pearson: Can you not quote a Canadian magazine?

Mr. Green: I thought perhaps the Leader of the Opposition might more readily believe a United States magazine than a Canadian. I have here the current issue of the *U.S. News and World Report* and I think even the Leader of the Opposition will admit that this is one of the most reliable magazines printed today.

Mr. Pickersgill: You certainly got your signals mixed on the 15 per cent.

Mr. Green: Oh, you would not know anything about this. Under the heading, "Business Around the World" the following article appears in that magazine:

> To show you how fast Canada is bouncing back . . .
>
> More jobs opened up this spring than in any spring since 1952. Jobless total declined in May to 6 per cent of employables, is probably lower today.
>
> Consumer spending is running higher than in 1957.
>
> Housing starts shot up a sensational 84 per cent in first four months of 1958 over 1957. Housing expenditures in early 1958 were up 20 per cent.
>
> Capital spending in 1958 will probably top $8.5 billion—only $200 million below the high level of 1957. Industrial outlays for plant and equipment are under the 1957 rate, but government spending is offsetting private cutbacks.
>
> Canada's exports are running at the second-highest level on record.
>
> And Canada's dollar is up—in excess of four cents over the United States dollar.
>
> This gives you a glimpse of the record which Prime Minister Diefenbaker has available for President Eisenhower during his visit to Ottawa.
>
> The turn in Canada, actually, came early this year, just when the outlook for U.S. business seemed bleakest. Canada's slump began about six months before the United States recession—

The government of Canada at that time was worse than the government in the United States, I presume. I continue:

> —hit bottom in December, now is turning into recovery.
>
> Note this, though: From peak of boom to bottom of slump, industrial output in Canada dropped 7 per cent, but in the United States, 13 per cent. While housing has stayed up in the United States, it has zoomed in Canada. Then, while United States exports have dropped off sharply, Canada's have remained surprisingly high.
>
> Ottawa's explanation for the Canadian pickup: The Canadian government has gone in vigorously for pump priming. This has spurred housing, kept consumer spending and farm incomes high, boosted capital expenditures as well.

Mr. Pearson: May I ask the minister a question. Does the minister know whether that magazine is contemplating a Canadian edition?

Mr. Green: I would not know about that, Mr. Speaker. The Leader of the Opposition and his colleagues across the way are much greater experts on the question of United States magazines than anybody over here.

Mr. Garland: Maybe your picture will be in the next issue.

Mr. Green: You know, instead of being faced with a vote of no confidence for our national development policy and instead of the phony imitation move made by the Leader of the Opposition yesterday in bringing in his amendment, the government should have had a vote of confidence from hon. members opposite.

Mr. Argue: All Tories together.

Mr. Speaker: Order. I am sorry to interrupt the hon. member but as I interpret standing order 31 the right of a minister to

speak for more than 40 minutes was exhausted by the Minister of Northern Affairs and National Resources (Mr. Hamilton) and therefore I am obliged to advise the Minister of Public Works that his time has expired.

Mr. Green: Thank you, Mr. Speaker. I had concluded my remarks, in any event.

Mr. Pearson: That was a good note on which to end.

Mr. M. W. Martin (Timmins): Mr. Speaker, before launching my brief contribution to this debate I should like to make reference to a few points that were raised by hon. gentlemen opposite and particularly by those members of the cabinet who spoke. First of all I should like to make reference to something that was said yesterday by the Minister of Northern Affairs and National Resources (Mr. Hamilton). The hon. gentleman was referring to remarks that had been made by the Leader of the Opposition (Mr. Pearson), the hon. member for Mackenzie River (Mr. Hardie) and myself, and as reported at page 1978 of yesterday's *Hansard* the minister said:

> —and all the little echoes and all the little parts of Canada where all the little minds come from answered in tune.

That is a classic example of the arrogance and insult that northern Ontario will not tolerate. That may be in large part the reason why no hon. members on the government side of the house represent ridings in northern Ontario. Northern Ontario may not have caught the vision expounded upon by the minister yesterday for a very valid reason. Perhaps the people in that part of the country have had a sorry experience in the past with visions similar to that outlined by the minister. They have seen a government open up a part of the country and turn it over to what government members like to describe as free enterprise. They have seen fortunes and resources cleared out of those areas leaving in their wake the wrecks of human lives which were employed and exploited in those areas and the fortunes and profits amassed there by so-called free enterprisers have gone to build up other parts of the country.

I recall the remarks of the Minister of Northern Affairs and National Resources in the committee on mines, forests and waters when he pointed out the mistakes that had been made in the United States.

Mr. Nielsen: Mr. Speaker, I rise on a point of order. I do not believe the hon. member is entitled to discuss the evidence heard in a committee of this house until such time as the committee has completed its investigation and reported back to the house.

Mr. Robichaud: Sit down, junior.

Mr. Speaker: If the hon. member who has the floor is embarking on a discussion of matters before a committee of this house which has not yet reported he would not be in order.

Mr. Martin (Timmins): Mr. Speaker, let us put it this way. The errors made in the United States in the last 50 years and the way in which they have squandered their natural resources are common knowledge. It is to be hoped that this program of northern development will not be a repetition of what has happened in the United States. Let us hope that this government will have the foresight and the vision, if you want to call it that, to ensure that the same thing does not happen in this country; that we do not squander our wonderful wealth of natural resources as the United States has done.

There is one other small aspect of this northern development which was drawn to my attention just last weekend. I was talking to a gentleman from the Timmins riding who is a silicosis pensioner, living on a pension of roughly $102 a month. He happens to live quite close to the crossroads where highway 11 branches off highway 101 going north through Cochrane and Kapuskasing and the trans-Canada highway. As a result of the position of his home his house is the first place hit by the unemployed from southern Ontario and other parts of Canada who, hoping and trusting in this vision, may think there is some employment for them in the northern part of the country. When they hitch-hike a ride to this crossroads they get off to look for further lifts up the highway and they generally stop in at this old gentleman's place to try to get a cup of coffee or something to eat. He took the trouble last weekend to count the people who stopped at his house asking for something to eat and the number totalled 47. With his pension he does not have too much to feed himself and his family but fortunately, contrary to the present decision of the government which has refused to extend any unemployment insurance benefits to the people whose benefits have run out, at least he never turned them away. He gave them a sandwich before they went on their way.

An hon. Member: He must have been a Conservative.

Mr. Martin (Timmins): He happens to be a paid up member of the C.C.F. and has been for years.

We also had an interesting example yesterday of an interjection from the hon. member for Bow River (Mr. Woolliams) who seems to be carrying on a contest with the hon. member for Athabasca (Mr. Bigg) as to

which one of them can drag up the old chestnut of the box factory in Saskatchewan. I must say that they make me a little bit homesick. They remind me so much of my mother-in-law's parrot. He is 31 years of age and he knows only one question, but he repeats it very often, very loud and very clear. It is not interested in getting an answer, just in asking the question.

We also had an example last night of the amazement demonstrated by the Minister of Transport (Mr. Hees). I turn to page 1996 of *Hansard*, where I find the following:

> Then we see the C.C.F. climbing aboard the free enterprise bandwagon. Now they are grasping to their breasts small business as though they had always been brothers.

It is rather strange to see this amazement on the part of the minister because I know he was in the house at the very time that this matter was debated by Mr. Owen Jones, the former C.C.F. member for Okanagan Boundary, and also by Mr. Fred Zaplitny, the former member for Dauphin. If hon. members will take the trouble to look up page 3502 of *Hansard* of April 12, 1957, and page 3448 of April 11, 1957, they will see that members of this group very clearly expounded the case for the small businessman of this country.

I would also like to remind the minister that the amazement which he expressed yesterday was expressed better, I might say, by the hon. member for Carleton (Mr. Bell), I think it was, as his contribution to the debate on that day. It seems so strange but hon. members know, or at least should know, that the very backbone of the C.C.F. party has been the small businessman across the country.

Then, of course, we had the reference by the Minister of Public Works (Mr. Green) today. Like the Prime Minister (Mr. Diefenbaker), he took great glee in referring to some decision made by the C.C.F. party of British Columbia. I find it very strange that their memories do not go back to a recent decision made by the Progressive Conservative party of British Columbia which apparently did not sit too well with the rest of the Progressive Conservatives across the country.

I was very pleased to hear the minister speak of the tremendous improvement in housing in this country. I would like to suggest, that possibly the same treatment might be handed out to small business that was given to the housing industry in this country. If the government could see its way to extend the same assistance to the small businesses in this country that they have given to housing, then we might see the same beneficial results accruing therefrom.

[Mr. Martin (Timmins).]

Contrary to what hon. members may believe and certainly contrary to what they state across this country, the C.C.F. party has never been against free enterprise.

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

Mr. Martin (Timmins): Yes.

Mr. McIntosh: The hon. member is asking for something, and as a matter of fact we had the question yesterday. What is the percentage of small business that requires the help the hon. member is speaking about? If the government does not know the percentage how can the help be given?

Mr. Argue: The retail merchants association says almost all of them.

Mr. McIntosh: To what did the hon. member refer?

Mr. Argue: The retail merchants association.

Mr. McIntosh: What authority has the hon. member for saying that?

Mr. Argue: I will quote it to the house the next day the subject is discussed.

Mr. Speaker: I am sorry; we cannot have a debate of this kind. The hon. member who has the floor may continue.

Mr. Martin (Timmins): I recall hon. members on the government side appearing to be quite interested in questioning each and every one of this group who rises in his place as to what is his particular definition of a certain thing. I would suggest they look up the debate of April 11 and 12 of last year, which I mentioned before, where I think they will find much of the information and data they are requesting at the present time. I could have put it on *Hansard* again but there are other members who wish to speak in this debate and I do not want to take up any more of the time of the house than is necessary. Certainly, today the small businessmen in the country are in a very serious condition. They are being squeezed out right and left by huge corporations which are sprawling across the country. The point might be made that these large corporations may be more efficient, and I will not deny it. But I do not believe that efficiency and efficiency only should be the sole yardstick in this matter. I think the personal service of the small storekeeper, the small shop, is something that we should make every effort to hang onto in this country.

As I mentioned before, contrary to what is preached about this group, we are not against free enterprise as free enterprise. We are, and always have been and will continue to be, against monopoly enterprise which chokes the very life out of free enterprise.

Apparently, hon. members on the government side are unable to differentiate between the two.

I could go into further detail on this matter, Mr. Speaker, but I will merely refer to a chart prepared by the dominion bureau of statistics showing the percentage of increase or decrease in respect of independents and corporate chains in this country. For Canada as a whole I find that from 1951 to 1956 corporate chains increased from 35 per cent to 41 per cent and as a result independents decreased from 65 per cent to 59 per cent. I find that in my own province of Ontario the rate of change is even faster. In that same period from 1951 to 1956 corporate chains increased from 49 per cent to 56 per cent and as a result the independents were reduced from 51 per cent to 44 per cent.

I say it is high time that the government of the country should look into the matter and provide some form of assistance to the small businessman who really is the true, free enterpriser. The government should make sure that some effort is made to give small businessmen a hand before they become extinct.

Mr. Paul Martineau (Pontiac-Timiskaming): Mr. Speaker, I should like to say a few words to point out some of the contradictions and confusion that certainly exist in the minds of some of the members of the C.C.F. group. We have before the house an amendment to the amendment proposed by the hon. member for Kootenay West (Mr. Herridge). He wishes to add certain words to the motion of non-confidence of the Liberal opposition, those words being "long term loans to qualifying small businesses".

When the hon. member for Kootenay West first got up he congratulated the Leader of the Opposition (Mr. Pearson) for his efforts, as he put it, to rescue this country from the deficiencies of private enterprise. He even went so far as to state that he would issue a membership ticket to the Leader of the Opposition. He had no sooner finished that statement than he started to expound how the amendment put forward by his party could save that same private enterprise about which he was talking.

There is also a considerable amount of confusion in the minds of the members of the C.C.F. party as to what may constitute a qualifying small business. The hon. member for Kootenay West stated that it was a business primarily interested in the local community. He also said it was a business that did not call on foreign or exterior capital and also was a business that would reinvest all its profits in the locality. In answer to a question at the end of his speech he said that a small business was a business that could not issue shares or float loans by means of debentures or bonds.

First of all, Mr. Speaker, may I say that I am not an exponent or particular friend of big business but I do know that big business as it exists and is organized today is certainly most vitally interested in the community in which it engages in its activities. As everyone knows, when a business locates in a particular place it employs local labour. Every effort is always made to find among the local population all the help that the industry needs. It is also the employees of so-called big business, which in the minds of the C.C.F. members represents such a menace to this country who are most active in all social welfare activities. You see them as heads and directors of social clubs. You see them everywhere taking the interests of the community to heart. Certainly they are the first contributors to all public campaigns where contributions are necessary to help worthy causes in the particular area.

If so-called big business has had to call on foreign capital it is because such capital was not available where the resource was being developed, the mill was established or the plant or industry happened to be. It is because capital could not be found locally that they have applied for and in certain cases obtained capital from exterior sources. There is absolutely nothing wrong about such a procedure.

The hon. member went further and said that the profits of small businesses are reinvested locally. That may or may not be so. In many cases the owners of so-called small businesses do not even live where the profits are made. These businesses, although small, may be controlled from a distance and the profits that the owners make may certainly be reinvested elsewhere, even outside the country. Therefore that is not a true definition of what a qualifying small business may be.

Nor is the definition any more accurate when the hon. member states that it is a business that cannot issue shares or raise loans by debentures or bonds. As we know, many small businesses today are incorporated. The shares may belong wholly only to one, two or three persons. Yet these incorporated businesses can issue shares and raise money by bonds while at the same time remaining small businesses. That was one definition given to us as to what constitutes a small business.

The hon. member for Port Arthur (Mr. Fisher) gave another definition in answer to a question. He said that in the United States a small business is one that has a turnover of less than $5 million. He went on to say that in Canada it might be only

$1 million or a business that has assets valued at from $25,000 to $50,000. To my way of thinking, businesses that would be in the upper bracket of that category certainly would not be small businesses. Moreover, is it not logical to conclude that businesses with an annual production of close to $1 million or with assets worth from $25,000 to $50,000 can certainly negotiate at the banks any type of loan they may require? Therefore I suggest that before proposing any such subamendment the C.C.F. group should have got together on the basic tenets underlying it. It is indeed most surprising to see private enterprise being championed in the house by the C.C.F. group.

Again I cannot fail to note the rather startling contradiction in their thinking. They come before the house and tell us that small business needs assistance. Why does it need this assistance? It needs assistance to help it to grow. If it grows, then it becomes big business. If the C.C.F. party ever came to power, would they not then have to take measures to stop that so-called small business or industry from developing and becoming big business?

I really believe, Mr. Speaker, that the solicitude of the C.C.F. party for small business is of recent origin. I note that the hon. member for Kootenay West has declared that quite recently, and I emphasize those words "quite recently", the philosophy and program of the C.C.F. has recognized the importance of the small business sector of our economy as part of a mixed economy. He went on to say that some people might remark that he had become somewhat mixed in his thinking. I believe that is what has occurred. I feel that the particular consideration given by that group to small business has no other origin than the announced intention of the labour congress not long ago to form a new political party for which strength would be drawn from the labour, professional and farm groups and groups of small businessmen. I think that is the real interest. When such appeals are made in this house for support for small business, it is nothing less than a political move.

The party of which I am a member, and which presently forms the government, is really the party that has befriended private enterprise and small business for a great number of years. Surely, the members who sit on the government side are not business tycoons or business magnates. They are simply representatives of the spirit of small private enterprise which makes up the strength of this country. They do not need lessons from the C.C.F. group in order to support the interests of small business. The only remark I can make about this strange marriage between the C.C.F. group and small business is that politics will often make strange bedfellows.

The speech from the throne contained an announcement that a sort of advisory council would be created for small business to study the needs of this section of our economy. I have no doubt whatever that amongst those needs which will be studied will be the need of small business for long term borrowings. I submit that before we adopt measures extending loans to small business we should form this small business section, which will be composed of specialists, to ascertain what are the real needs of small business in the way of an expansion of credit. Once these things have been made known, then the appropriate legislative measures can be taken.

Again I emphasize the fact that small businesses do need a lot of help and a lot of consideration from this government. I submit that they have been getting it and they will get it in a form which is traditional to our way of thinking. This help certainly should not smell of socialism or of state enterprise. I believe it is not the role of government to go into the business of lending money in the way the subamendment suggests. Government should rather create the means, provide the climate, in which small businesses may find the credit that they need.

Recently an excellent brief was presented by the Canadian tourist association in which they recommended the government should guarantee loans through chartered banks to the operators of small tourist industries. Now that is one possible solution and it could be extended to other sections of small business. It may not be a sound solution because the chartered banks are not always ready, because of the way they are made up and because of the necessity to maintain liquid assets, to extend long term loans.

Perhaps another solution to this problem of extending credit to small businesses would be for the government to guarantee the debentures or bonds which could be issued by small businesses, much in the same way that some governments guarantee bonds that are issued by municipal or school corporations. However, before we can adopt any of these means, a thorough study must be made of the part that small businesses must play in our growing country, a country which, by the very fact it is growing, has become more and more complex every year to administer. I do not feel we should condone the habit into which the C.C.F. has fallen of looking upon big business as some kind of giant juggernaut that is overrunning this country. If

we get down to the basic facts, if we get lists of the shareholders of the so-called big corporations, we find that in the great majority of cases the shareholders are made up of thousands of small investors and employees of these corporations across the country. Really, it is the people from every section that constitute the so-called big business.

I do not believe the need exists any longer, at least in this party, to condone any of the excesses of monopolies or of big businesses because our party has a record of rising in opposition at any time when big businesses overran the legitimate interests of other classes of our society. I believe the government is vigilant enough to stamp out abuses whenever they occur. I have said all I wish to say with respect to the subamendment.

I should like to say a word or two about the Liberal amendment. There is not very much that can be added after that most eloquent discourse given to us by the minister of northern affairs.

But the amendment proposed by the Leader of the Opposition is again indicative of the thinking of the Liberal party which was the primary reason why that great party has now descended—to use the words of one of their former leaders, namely Hon. Mr. King—into the valley of humiliation. That is also the reason why it will remain there for a long time to come.

When the Liberal proponents talk about declining conditions in public investment and about recession and when they say that the north is so much waste land, I think of a famous French writer and philosopher of the 18th century by the name of Voltaire who once stated in France: Why worry about Canada? All Canada is is a few acres of snow. From the way the Liberal party has been talking, you would think that our vast north land, which offers so much promise for the future, is nothing but a few acres of barren snow land. I think what the hon. member for Yukon (Mr. Nielsen) said this afternoon certainly shows that vital things are being done in our northland and that it is really not only a frontier but is already a great, prosperous and established portion of our country. It is right that, like the Minister of Northern Affairs and National Resources (Mr. Hamilton), we should look towards the future, towards the day when the population of this country will be 50 million or perhaps 100 million. In planning today, we are planning for that great future which has certainly the assurance of the continued greatness and the destiny of our country. That does not mean that we must today neglect local development or neglect the settled portions of our country. We are not doing that. The Minister of Transport (Mr. Hees) as well as the Minister of Public Works (Mr. Green) have enumerated to this house all the projects that have been initiated by this government since it took power. I think that is convincing proof that they are doing everything possible for the settled portion of our country but that at the same time they are maintaining that vision. I think that the word "vision" is one that we can very well use and that it should not be ridiculed by members of the opposition. We shall maintain that vision which will be the assurance that we can go on to greater and better things. I think the words of a great past leader of the Liberal party will some day become true and that this century will truly be the century of Canada.

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, yesterday we heard Moses, in the cloak of the Minister of Northern Affairs and National Resources (Mr. Hamilton), expound to us the ten commandments of the Conservatives' northern development policy; but like the Ten Commandments, they have not changed. On looking over the northern development policy of the Minister of Northern Affairs and National Resources at the present time I would say that he has taken the former Liberal policy, with maybe a few extensions and projections, and has called it the new Tory policy.

Yesterday the minister stated that his government was taking the recommendations of the former government found in the briefs submitted by the commissioners of both the Yukon and Northwest Territories to the Gordon royal commission in November of 1955. Those proposals included a network of roads in both the territories and roads from the provinces linking the provinces with the network of roads recommended for the territories. These road proposals made by the commissioners projected the completion of these proposals over a period of 15 years to 25 years.

Let us take a look at the definite road proposals made at that time. I have here a map showing roads proposed at that time by the commissioner of the Northwest Territories, the deputy minister of the Department of Northern Affairs and National Resources. In the Northwest Territories these roads included an extension to the Mackenzie highway system from Hay River, Fort Providence, Fort Rae to Yellowknife, a road, I may add, that was started three years ago by the former administration and which we hope will be completed some time in 1960. This same extension on this map shows the extension of that road to Great Bear lake. Then in addition to that, we have a road from

Yellowknife to Thompson Landing on the east arm of Great Slave lake; another connecting the Mackenzie highway with Pine Point, Fort Resolution, Rocher river and Snowdrift on the south shore of Great Slave lake; another connecting the Mackenzie highway with Fort Vermilion, Alberta, Fort Smith and Fort Resolution in the Northwest Territories; also a road from Uranium City to Ferguson lake and Eskimo Point on Hudson bay; and another connecting this road with Lynn Lake, Manitoba; another from Fort Nelson, B.C. to Fort Simpson in the Northwest Territories. In the Yukon, in their brief and on that map you will find similar roads. Included in these recommendations were roads from Stewart B.C. to Cassiar—

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

Mr. Hardie: Yes; I will permit a question.

Mr. Nielsen: Is the hon. member saying that the lines on this map which he has in his possession constitute the extent of the Liberal planning?

Mr. Hardie: I say that the lines on this map, as stated by your minister yesterday, were proposals by the administrations of the Northwest Territories and the Yukon to the Gordon royal commission in 1955 and were to be completed in a period of from 15 years to 25 years, just as the minister said. That is what I said.

In the Yukon I said these recommendations for roads included one from Stewart, B.C., to Cassiar; another from Teslin to the junction of the Pelly and Ross rivers at the settlement of Ross River, then following the north shore of the Ross river to the Yukon boundary. The program at that time also included a road from Flat Creek to Fort McPherson along with another road from Mayo or Keno to the Wind river area. There were other roads, all of which have been mentioned, if not here, in the committee on mines, forests and waters. I will not mention them all, but they were all included in the former government's submission to the Gordon economic commission.

In addition to these roads that were suggested by the former government to be built over a period of 15 years to 25 years, the Conservative party in the last election campaign claimed that they were going beyond this and build a road from Ross River to Norman Wells; one from the north shore of Great Slave lake to Prince Albert; another from Pine Point to Eskimo Point on Hudson bay; one from Uranium City to Prince Albert; there was one from Prince Albert to Flin Flon, Manitoba, and others too numerous to mention. There was also a road from Fort Churchill to Moose Factory, Ontario, which has been referred to in this house by the hon. member for Port Arthur (Mr. Fisher) as "the railroad from wigwam to wigwam". You will note, however, that Prince Albert plays a very important part in the road program suggested during the election campaign.

These were the promises of the Conservative party during the election campaign and it is to all these promises that I have referred as being pure baloney. I still say they are baloney.

Mr. Nielsen: Would the hon. member permit a question? If what you have just said is true, how do you explain that the projects are going ahead in the Yukon and the Northwest Territories?

Mr. Hardie: The former projects which I mentioned were in the first instance recommended to the Gordon commission and are those which are going ahead at the present time. Above and beyond that, the Conservative party during the election campaign—particularly in my part of the country—was promising to build roads as I have named them, and there is no use in going all over them again. They just drew lines on a map and extended them, and called that the Conservative road program.

In speaking yesterday of the development of our resources the minister stressed that we first needed an inventory of our resources and his suggestion was that we should build the roads and then find the mines. I agree with the minister that there is a definite need for an inventory of our mineral resources, but the first thing that needs to be done is to accelerate the pace of the geological surveys, the magnetometer and electromagnetic surveys and other scientific surveys to indicate to prospectors, mining companies and private investors the areas in which there is a possibility of finding commercial ore. We have an example just this week in the stock which has climbed from 18 cents, where it stood last week, to $7.25 yesterday, the New Hosco mine. How did they find that mine? There was only one small outcropping, as I understand it, on the whole property, no showing at all, but they found that mine by electromagnetic, magnetometer and other scientific surveys which showed there were anomalies present. The company went in, spotted some holes and started drilling. As a result of these surveys they hit ore. There is no road to Hosco.

I might say as far as geological surveys are concerned which are so important in finding these areas and pointing them out to private investors, that last year, this government cut back when the field parties in the Northwest Territories had completed 80 per cent of their

work. They pulled them out—and this is the important thing—they were pulled out before they had completed their job.

Mr. Nielsen: A third of the Department of Mines and Technical Surveys is up in the north now.

Mr. Hardie: I am talking about what they did last year, and in my opinion if this is an indication of what this government thinks of geological surveys, then their program is a phony.

Mr. Fleming (Eglinton): The hon. member should get up to date.

Mr. Hardie: After first having indicated that there are anomalies and prospects of commercial ore, the next step in development to my mind is the building of airstrips in those areas so that private investors, mining companies and prospectors may go in and explore the ground, do the drilling and find the mines, block out the ore. The next step is to build roads to those mines.

On this subject I would like to quote from a press clipping entitled, "Airfields, not Roads Need in Far North". This clipping is dated April 8, 1958, and appeared in the Toronto *Star* and it quotes Mr. J. J. Byrne, the Chairman of Consolidated Discovery Yellowknife Mine and reads as follows:

> We hear a great deal these days about plans for the Northwest Territories, principal of which is an extensive road-building program to open up these vast areas. Our organization has had a quarter of a century of experience in the area, and it is our opinion that rather than spend vast sums in road building, that a small part of this money be used in building a number of landing fields in strategic areas selected by geological survey of Canada as being the most promising for the finding of mines, then to build the roads to the mines when they are found. The present resources roads—

Mr. Speaker: Will the hon. member permit me to interrupt him, it being six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Hardie: Mr. Speaker, when the house adjourned at six o'clock I was quoting from a press clipping to substantiate what I had said previously to the effect that when embarking upon a road to resources program the first requirement was to undertake geological surveys, magnetometer surveys, electromagnetic surveys and other scientific surveys to indicate to private investors, prospectors and mining companies the areas in which there may be a possibility of developing mines. I wish to quote again from the clipping to which I have referred:

> The present resources roads already planned are quite necessary, and should be completed, but this is the air age, and this means of transportation appeals to the prospector and developer alike. As an example, Consolidated Discovery does not yet have a road.

I might indicate at this point that this gold mine is located approximately 60 miles north of Yellowknife. It has been producing for the past five or six years and paying dividends to the shareholders. The article continues in these words:

> In the past, supplies were hauled by tractor during winter months, but now all freight is being delivered at the mine by Bristol plane, at competitive rates.
>
> This could be accomplished anywhere in the territories if landing strips were established, and these fields would also have considerable value for national defence.

I submit that my argument—

Mr. Baskin: You have not got an argument.

Mr. Hardie: If I had as little to argue about as you have, my boy, I should keep quiet.

Mr. Baskin: Is that right? Thank you.

Mr. Hardie: You are the hon. member for Baskinville, is that what they call it? His home town named a road after him the other day and now the hon. member feels he has to interject, to have something to talk about.

I submit that my argument is irrefutable. No hon. member could deny the logic of undertaking geological, magnetometer, electromagnetic and other scientific surveys first in planning a roads to resources program in order to indicate the areas in which the possibility exists of finding mines. The second step, of course, is to build airstrips in those areas so that prospectors, mining companies and investors can enter the area, commence drilling operations and discover commercial ore bodies. Once the commercial ore bodies are established then roads should be built to take out the ore and utilize it for the benefit of all Canadians.

In the speech he made some time ago in this house the hon. member for Okanagan Boundary (Mr. Pugh) referred to Okanagan Helicopters Limited, one of the largest companies of its kind in the world. It has undertaken many jobs for oil companies in locating deposits of gas and oil in certain areas of British Columbia, the Northwest Territories and the Yukon. I feel sure that the hon. member for Okanagan Boundary will agree with me that in undertaking a roads to resources program we must first have airborne scientific surveys. The hon. gentleman will recall that in his speech to which I have already referred he recommended to this government that university students who are

graduating today and who are going to the United States because of the lack of employment opportunities in Canada should be given an opportunity of employment in this country. I say to this government that if we accelerate geological surveys in Canada we will be able to employ every university student who is graduating today and who requires work. They could be put to work in surveys of this kind. I appeal to the government to take steps to accelerate, first and foremost, geological, magnetometer, electromagnetic and other scientific surveys so that we can pinpoint for private investors those areas that should be explored for ore deposits.

I wish now to refer to a report in the Edmonton *Journal* of May 28, 1958, commenting on what was said by Mr. C. L. Merrill, district administrator of the Northwest Territories, an employee of the Minister of Northern Affairs and National Resources, when he spoke before the Canadian association of geographers in Alberta.

The article reads in part as follows:

"In the most general terms we know we have a large area with much promise geologically," he said. However, he added, "before we count our chicks, we must find our eggs."

Mr. Merrill said the search is already in progress. Large, well-established firms with capital available for long-term investment are engaged in extensive exploratory work in the Arctic and sub-Arctic, he said. Major exploration is being carried out in the Mackenzie region for oil, he said.

In speaking of exploration for oil he went on to say:

This summer, a major oil company, using six helicopters carrying geologists, will survey about 50,000 square miles in and east of the Mackenzie delta around Aklavik, he said.

Increasing exploration may reveal some deposits which can be worked economically today although large-scale measures are restricted to companies with long-term objectives, Mr. Merrill said.

Further on the article states:

Mineral production will start when known deposits become economically available, but this is a matter of demand and timing.

This is what was said by the administrator of the Northwest Territories, resident in Fort Smith, an employee of the Department of Northern Affairs and National Resources. In any event, as Mr. Byrne said, in the financial statement of the company which was reported in the Toronto *Star,* present resource roads already planned are quite necessary and should be completed. He was referring to the present resource roads, namely the roads which the former administration had started. He said they should be completed.

The road system connecting the Mackenzie highway with Yellowknife, Fort Rae and Rayrock mines and in the future possibly the Great Bear lake extension, should be completed. As I mentioned, this road was started three years ago by the former administration and we hope it will be completed in 1960. I hope the minister will make a connection between this road and the Snare river hydro while he is at it. We have lots of friends over there; I think most of them would agree with me that they have a plan.

Mr. Morton: You have more friends over here than you have over there.

Mr. Hardie: To get back to the former administration's road policy—

An hon. Member: Why?

Mr. Morton: Let us look ahead.

Mr. Hardie: That is what I am trying to do. Mr. Speaker, if those empty heads over there want to make a speech I would suggest that time be allotted for that purpose. I understand that there is no reason actually for a vote tonight because there will be 42 minutes left that we can use tomorrow on this debate. I think time should be allotted for some of those fellows to tell the house how they feel about this particular motion; but to go on, and deal with the Mackenzie highway system to which I just referred. In addition, a survey was initiated by the former administration of a road from Fort Smith with connections to the Mackenzie highway through Fort Vermilion. It was the intention of the government of those days to start construction of the road this year. In my particular riding those two roads would connect settled communities where there are known resources. This is different from building a road from Pine Point to Eskimo Point. As a matter of fact, the original proposal of the Department of Northern Affairs and National Resources to build a road to Port Radium—I am speaking of the recommendation of the former administration to the Gordon commission, and here I have a map —was to connect the settled community of Port Radium where Eldorado Mining and Refining started in 1932 or 1933 to produce uranium ore, the first uranium mine in the world. It was suggested in 1955, as I said, to the Gordon commission that this road should go to Port Radium. I notice on the present minister's plan that the same road is going to Port Radium. I have read in the mining journals of this country that the Port Radium mine of Eldorado Mining and Refining have about three years' ore ahead of them and this mine will close in three years or very close to it. I point this out to show the house the need for careful planning before we go into a road-to-resources program.

I should also like to suggest to the house that before we go building the road from Pine Point in the Northwest Territories to Eskimo

Point on Hudson bay that we build a road connecting Hay River to Pine Point, Resolution, Rocher River and the east arm of Great Slave lake. I say this at this particular time because we understand that a railroad is going to be built to Pine Point, something we in the north have looked forward to for many years. By building the road that I have just suggested we will make it possible for known mineral areas and known deposits in the O'Connor lake and Snowdrift area to be shipped to Pine Point and thus give this proposed railroad a larger volume of backhaul, which I am sure the railroad companies are very interested in. At the same time, such a road would connect settled communities on the south shore of Great Slave lake.

Another road which I consider should be built in the immediate future—it was also proposed by the Department of Northern Affairs and National Resources to the Gordon commission in 1955—is the one connecting Yellowknife with the east arm of Great Slave lake where at the present time Taurcanis Mines Limited have sunk a shaft and are drifting into a known ore body. I feel, as many other people in the north feel, that this mine will come into production within the next few years.

I should also like to suggest, as the former administration suggested to the Gordon commission, the building of a road from Fort Nelson to connect with Fort Simpson, connecting Fort Nelson with Liard and Nahanni where there are great prospects of mineral development, and in the Fort Simpson area where there are prospects of oil development. Also, I might add, this road that I have suggested to the east arm of Great Slave lake where Taurcanis, we feel, will be producing in a few years could be extended to reach a deposit of lead and zinc worth $55 million. I would suggest that we go ahead with this road to the known resources before we start building a road, as I have said many times, from Pine Point to Eskimo Point.

We in the north, Mr. Speaker, have been looking forward for many years to the building of a railroad to the south shore of Great Slave lake and we did greet with enthusiasm the reference made to this project in the speech from the throne. In my opinion this railroad is important to the development of my particular part of the country and should be proceeded with immediately. I would hope that the scrap now developing between certain factions in northern Alberta and northern British Columbia as to the route the railroad should take will not delay the start of the project. With regard to this project I might point out to the house that under the former administration the Department of Northern Affairs and National Resources spent a great deal of time and energy on preliminary studies which it was hoped would bring about the building of the railroad. The railway companies and the Consolidated Mining and Smelting Company, which controls the huge lead-zinc resources at Pine Point were not much interested in the development of this property until a year and a half ago.

At that time the former administration asked the railroad companies to make an economic survey of routes for the railroad. I submit that the information gathered in this survey, which was, as I said, initiated by the former administration, is now the basis for the mention of the building of this railroad in the speech from the throne. Of course, the former government could not go ahead with the building of the railroad because they had not received the report. As a matter of fact the house has not had the report yet but apparently the Minister of Northern Affairs and National Resources (Mr. Hamilton) has. We are all happy that he has and that the government is going to go ahead with the building of the railroad.

Many persons in the north and the minister himself have said that transportation is the key to northern development. Transportation is the key but at the same time it has to be cheap transportation. Over the past four or five years the former government did do something in this regard. Aids to navigation were improved tremendously. Airports were paved at Fort McMurray, Fort Smith and Yellowknife, and a new airport was built within the last two years at Aklavik in the Northwest Territories. These better facilities in the form of improved aids to navigation and paving of airports made it possible for the air lines to reduce their passenger and freight rates.

The crown-owned Northern Transportation Company and the Yellowknife Transport Company, which transport the bulk of the water freight by way of the Slave river, Great Slave lake and the Mackenzie river system, have reduced their rates in the past few years. Improved roads between the provinces and the settled communities of the north will enable the trucking companies to cut their rates. Further reductions in air and water rates are required to lower the cost of living and the cost of production in the north.

I submit that if rail rates can be subsidized in the maritimes and other areas in Canada there is every reason why subsidies should be paid to air line operators, charter aircraft operators and water transport carriers in the north to decrease the cost of production and the cost of living and to accelerate the

development of our part of the country. As everyone knows, air transport has played a very important part in opening up the north and air transport will continue to play its part in the future development of our country. It is important, therefore, that the government should investigate ways and means of reducing air rates because, as I have said before, this would accelerate development.

To summarize at this point, Mr. Speaker, I suggest to the government that it should go ahead with at least part of the plan of the former administration and build roads to known resources connecting settled communities. When I say "settled communities" I point out that our amendment suggests that we should do something by way of national development in the settled areas of Canada and these include, of course, the settled areas of the north.

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

Mr. Hardie: Go right ahead.

Mr. Nielsen: The hon. member for Richelieu-Vercheres (Mr. Cardin) intimated to the house during the course of his speech—

Mr. Hardie: Are you making a speech or asking a question?

Mr. Nielsen: Inasmuch as the hon. member for Mackenzie River (Mr. Hardie) was not here during the course of the speech of the hon. member for Richelieu-Vercheres, I was advising the hon. member of what he said before putting the question.

Mr. Hardie: Mr. Speaker, this afternoon the hon. member made a speech and after using up his forty minutes he asked for extra time to conclude it. The house was unanimous in giving him that extra time. If the house wants me to answer questions for hon. members on the other side I will do so if they will allow me to continue until ten o'clock this evening.

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

Mr. Hardie: I did but you did not ask one.

Mr. Nielsen: I was trying to, Mr. Speaker. Does the hon. member for Mackenzie River agree with the views expressed by the hon. member for Richelieu-Vercheres?

Mr. Hardie: The hon. member answered that question for me a moment ago because he said I was not in the house when the hon. member for Richelieu-Vercheres made his speech.

Mr. Nielsen: Will the hon. member permit a supplementary question?

[Mr. Hardie.]

Mr. Habel: Get another speech ready.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but his time has now expired.

Mr. Hardie: I wonder whether the house will be good enough to do as was done in the case of the hon. member for the Yukon this afternoon and allow me extra time to finish my few, short remarks.

Mr. Deputy Speaker: Order. What happened this afternoon and yesterday was actually an exception. There was a debate at one point yesterday which lasted ten minutes and another this afternoon which lasted five minutes. Consequently additional time was granted but that cannot become a practice. I wish to ask hon. members to please adhere as much as possible to the time allotted to them for their speeches. However, in the present instance, if it is the wish of the house that the hon. member for Mackenzie River be permitted to continue his remarks—

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Fraser: There are only 12 more minutes left before the vote.

Mr. Baskin: Tell us something new. Go on.

Mr. Hardie: If one looks over the records of the house since the hon. member came here one will see that he has had very little to say.

Mr. Deputy Speaker: I must repeat the question. Is it the unanimous wish of the house?

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Deputy Speaker: I therefore regret to advise the hon. member—

Mr. Martin (Essex East): Mr. Speaker, this afternoon the house unanimously accorded the hon. member for the Yukon an extra five minutes, I believe. I would suggest that, in view of the fact the hon. member for Mackenzie River (Mr. Hardie) represents a northern constituency, the house, on reflection, would want to accord to him the same opportunity.

Mr. Nielsen: May I rise at this point—

Mr. Deputy Speaker: Order. I regret to advise the hon. member for Essex East (Mr. Martin) that this afternoon when permission was granted to the hon. member for Yukon (Mr. Nielsen) to carry on with his remarks,

there was unanimous consent. In the present instance the unanimous consent of the house to permit the hon. member for Mackenzie River to carry on his speech is lacking. I must, therefore, give the floor to the next speaker.

Mr. A. R. Smith (Calgary South): I had hoped, Mr. Speaker, that the hon. member might be permitted to continue so that perhaps he might reach one or two conclusions. But I appreciate, of course, the rules of this house, and within the short space of time I have I shall endeavour myself to reach some conclusion. I should like to refer back to comments which were made by the Leader of the Opposition (Mr. Pearson) in his most interesting dissertation when he moved his amendment. I shall quote but one paragraph, as reported on page 1964 of *Hansard* for July 7, 1958:

> We do not have to worry about these resources; they are there, and they will be of great value to the world in the years ahead. Surely the thing to do now is to plan and develop for those years ahead carefully and soundly and with all the vigour which is required by any particular policy.

The experience, in the development of resources is such that, sound as that policy may be, one cannot take any section of resources or development in any country of the world and say that it will be there in the years to come if we do nothing more than develop or exploit it to the point that it will be there when we require it. The fact of the matter is that in Alberta, as an example of one area which is developing its resources, we have learned by sad experience that unless you are in a position to make an assessment of what your resources are, unless you are able to determine the length and breadth of the resources, you are not able to introduce those conservation measures which are so essential. We find today, for example, that in Alberta we have mineable coal to the extent of 48 million tons; we are discovering oil at the rate of 300 million barrels per year; the remaining proven recoverable reserves of natural gas are estimated to be between 25 trillion and 27 trillion cubic feet.

Our experience has been this. Unless you are able to make an assessment of what you have, unless you can determine the area you have yet to develop, it is absolutely impossible to develop any conservation methods to apply to those areas, and I refer to the north in particular. Let us look and see what has happened since this government introduced certain measures to encourage the exploitation or development of our northern assets. I have not the current figures, but my information is sufficiently current to give an indication. We know that it is estimated that there are 750,000 acres available in the great pre-Cambrian shield for geological research in connection with oil reserves. We have added practically a new continent by encouraging people under the new oil and gas regulations, of the N. W. T. by making available new transportation facilities and by making available new access roads to these areas, to initiate probably the greatest drive for exploration of oil and development. It may yet even exceed the outstanding success of Alberta.

I suggest that this is already to the credit of this government. I am going to leave that section of policy which has been so ably presented to this house by the minister and the previous speaker. I should like to say a word about one of the instruments of government, the geological survey, to which the hon. member who has just taken his seat referred. I should like to refer also to the accompanying division of the mines and minerals branch. I regret that in past years this section of our government has been regarded as the poor relation. In spite of this it has carried out, in the interests of industry but not to the point of interference with the ordinary course of private enterprise, exhaustive surveys through the geological branch and analyses of the problems industry must face. There has been assistance and co-operation with industry and a vast fund of information made available which makes this country one of the leaders in research in respect to our mineral wealth. We spend slightly under $3 million a year for this department. I heard the hon. member who has just spoken pleading with the government to give consideration to providing some encouragement for youths who are leaving our educational institutions and looking for employment by taking them into this particular section, thus enabling them to find work and experience. This plan was introduced at the request of the Geological Association of Canada, and today the department has accepted their recommendation and is employing a third again as many over last year of young geologists coming from our schools. They are carrying out work under the geological survey of Canada.

I realize that in the time which is allotted to me I must arrive at a conclusion rather than make observations. We have had from our minister of northern affairs a statement with which I heartily concur to the effect that one of the principal assets of this government as compared with the former government is the policy of making some plans and taking some action in connection with the need for the development of our resources in Canada. As he stated, this is one of the great distinguishing features, the nature of the action that has been taken as compared with the lack of action. I suggest that when this government is in a position, through

planning first of all with the Borden commission, to assess our energy sources in so far as their export and domestic use is concerned, then we will be in a position to introduce legislation to establish an energy board and give the resources of Canada not only the co-operation which has not been given them in the past but the opportunity to develop and plan for the future, and we will, as a government, have made the greatest contribution to future generations yet to come. I realize that there are others who wish to exploit particular areas to a point beyond that of which is good for all of Canada. These people are not limited to any one province.

The advantages of an energy board would be, first of all, to assess the wealth that we have in Canada and then to introduce such regulations as would be commensurate with the interests of the provinces and provide long range oil, natural gas, coal and water power policies for the good of our country.

Some hon. Members: Time, time.

Mr. Deputy Speaker: Order. It being 8.42 o'clock p.m., it is my duty, pursuant to section 4(d) of standing order 56, to interrupt these proceedings and forthwith put the question on any amendment or amendments now before the house.

The house divided on the amendment to the amendment (Mr. Herridge) which was negatived on the following division:

YEAS

Messrs:

Argue
Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Eudes
Fisher
Forgie
Garland
Godin
Gour
Granger
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Loiselle
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—51.

NAYS

Messrs:

Aiken
Allard
Allmark
Asselin
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Best
Bourdages
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cathers
Chambers
Charlton
Chown
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fraser
Frechette
Gillet
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Letourneau
Lockyer
Macdonald (Kings)
Macdonnell
MacEwan
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McFarlane
McGee
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nielsen
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tasse
Taylor
Thomas
Thompson
Thrasher
Tremblay
Valade

[Mr. Smith (Calgary South).]

Van Horne
Villeneuve
Vivian
Walker
Webster
Weichel
White
Winkler
Woolliams
Wratten
Yacula—172.

The house divided on the amendment (Mr. Pearson) which was negatived on the following division:

YEAS

Messrs:

Argue
Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Eudes
Fisher
Forgie
Garland
Godin
Gour
Granger
Habel
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Loiselle
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Nixon
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—51.

NAYS

Messrs:

Aiken
Allard
Allmark
Asselin
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Best
Bourdages
Brassard (Chicoutimi)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cathers
Chambers
Charlton
Chown
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fraser
Frechette
Gillet
Grafftey
Green
Grenier
Grills
Gundlock
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Letourneau
Lockyer
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McFarlane
McGee
McGregor
McIntosh
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nielsen
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Phillips
Pigeon
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Simcoe North))
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tasse
Taylor
Thomas
Thompson
Thrasher
Tremblay
Valade
Van Horne
Villeneuve
Vivian
Walker
Webster
Weichel
White
Winkler
Woolliams
Wratten
Yacula—171.

And the Clerk proceeding to announce the result of the vote:

Mr. Robichaud: Mr. Speaker, on a point of order, before the result of the vote is accepted I wish to point out to Your Honour that it has been the practice in the house that no vote should be cast after the Speaker has called the vote. As the hon. member for Quebec West (Mr. Bissonnette) came in after at least 50 per cent of the members had voted I would ask for a ruling in this case.

An hon. Member: Don't be so small-time.

Mr. Deputy Speaker: Order. It is quite true that hon. members must be in their seats when the vote is taken. Consequently, since the hon. member for Quebec West was not in his seat I will ask the Clerk to strike his name from the division list for the last vote.

Mr. Bell (Carleton): Aren't you proud of yourself?

President Eisenhower's Visit—Security Arrangements

Mr. Deputy Speaker: Order. I declare the amendment lost.

ALLEGED ACTIVITIES OF U.S. SECRET SERVICE AGENTS

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise—

Mr. Green: On a point of order, Mr. Speaker, I believe the rule is that the motion must be put.

Some hon. Members: No.

Mr. Deputy Speaker: Order. The debate should continue on the main motion. We are continuing with the main motion. The allowance of time for debate on this order is one day and forty-two minutes. Consequently, there are approximately 35 minutes left—

Mr. Green: I made a mistake, Mr. Speaker.

Mr. Deputy Speaker: The debate will now proceed on the main motion moved by Mr. Fleming (Eglinton) and seconded by Mr. Green that I do now leave the chair for the house to resolve itself into committee of supply.

Mr. Herridge: Mr. Speaker, I rise to raise a grievance based on very disturbing press reports involving matters about which this group is most concerned and also a good number of other people, namely, the infringement or reported infringement of Canadian rights by certain secret service agents of the government of the United States.

Mr. Grafftey: It is just hearsay.

Mr. Pallett: The hon. member's taste is all in his mouth. You can see that.

Mr. Herridge: I want to illustrate my grievance—

Mr. Grafftey: I wish you wouldn't.

Mr. Herridge: —but before doing so I want to say that we in this group together with all Canadians welcome the visit of the President of the United States to this country—

Some hon. Members: Oh, oh.

Mr. Herridge: —as the president of a friendly nation.

An hon. Member: Sit down.

An hon. Member: Shame!

Mr. Herridge: We recognize the great contribution that President Eisenhower has made in war and in peace. However, Mr. Speaker, we are genuinely disturbed by reliable press reports concerning certain incidents which indicate a lack of understanding on the part of these secret service agents of the United States, of Canadians, of their rights, of their ways, of their usages, and a complete lack of confidence in the ability and capacity of our Royal Canadian Mounted Police.

I refer first of all to newspaper reports of the search of the residence of the representative of Her Majesty in Canada by these secret service agents of the United States accompanied, according to the newspaper reports, by an inspector of the R.C.M.P. Second, I refer to newspaper reports of a search of the residence of our Prime Minister (Mr. Diefenbaker) by the same United States agents accompanied, I understand, by an inspector of the R.C.M.P.

While I heard some interruptions when I rose to speak, Mr. Speaker, I said that we were definitely disturbed about these reports and that is why I am raising this grievance tonight on behalf of this group. I am quite certain that while some of the hon. gentlemen opposite may jeer at me they will later be amazed at the number of members of their own party in Canada who will take the same point of view as we do tonight on this question. We consider that if these reports are true—

An hon. Member: Speak for yourself.

Mr. Deputy Speaker: Order. There is more than the usual noise in the house tonight.

An hon. Member: No wonder.

Mr. Deputy Speaker: Will hon. members kindly permit the hon. member for Kootenay West to continue his speech in silence, please.

Mr. Herridge: If these reports are true we consider these actions as a grave indignity against the representative of Her Majesty in Canada. We consider the same actions a grave indignity to the Prime Minister of this country. While he supports another party we in this group respect the Prime Minister of Canada. We consider that these actions represent a complete misunderstanding and transgression of the rights of the Canadian people. In addition, Mr. Speaker, if these reports are true we consider that these actions indicate that the Prime Minister, in respect of the incidents reported, has failed to take the firm stand we might expect by reason of former pronouncements on his part with respect to the sovereign rights of Canada.

There is also the question of newspaper reports to the effect that these secret agents may enter these buildings tomorrow. I have a newspaper article here from today's Ottawa *Citizen* headed, "Will Guards Carry Arms Into House", written by Mr. Bruce Philips of the Southam news service. I want to quote briefly from that; we think it is rather disturbing:

There is no doubt the president's 20-man bodyguard will be armed when they escort him on the

public streets. Nor is there any doubt they will be spotted in the galleries when the president speaks. But whether they will be packing side arms in the house is something no one in authority seems prepared to disclose at the moment.

The Prime Minister's press secretary, Jim Nelson, asked whether the secret servicemen would be permitted to bring arms into the building, gave this surprising answer:

"I don't know. You'd better ask Jim Hagerty". Hagerty is the president's press secretary. Dutifully called, Mr. Hagerty didn't know either, although he promised to provide an answer later, which was more than any Canadian official promised.

We sincerely hope that these reports are incorrect, Mr. Speaker.

An hon. Member: Why don't you find out whether or not they are?

Mr. Herridge: It just so happens the reports are written by very responsible correspondents, and I am sure in good faith. If these reports are correct—

Mr. Grafftey: Why don't you find out?

Mr. Herridge: We suggest that if these reports are correct action be taken to make certain the rights of this parliament will be respected, and the usages and traditions of the Canadian people.

Now, in comparison with this, and before concluding, I want to bring to the attention of the members that when Her Majesty visited Canada, when the prime ministers of Great Britain visit Canada and when the heads of other states visit Canada, with the exception of one Scotland Yard inspector or some other security official, according to the best information I can obtain from reliable sources, they are quite willing to leave their security outside and inside these buildings to the capacity and efficiency of the Royal Canadian Mounted Police.

In conclusion, I want to say this. I have raised this question on behalf of this group in this house at this time, and I am quite confident on behalf of a great number of Canadians who will welcome President Eisenhower to Canada but who are concerned about actions of this type undertaken by secret service agents of the government of the United States. Because of our concern for our Canadian traditions, our usages and rights which spring from Magna Carta and flow to this parliament, we trust this matter will be investigated, and if the reports are true the necessary action will be taken to protect those rights, traditions and usages.

Mr. Bell (Carleton): Outrageous mischief.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF LABOUR

170. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences (also includes the former Labour Gazette, women's bureau and manpower utilization votes), $1,067,166.

POST OFFICE DEPARTMENT

304. Departmental administration, $1,886,095.

DEPARTMENT OF FINANCE

112. Departmental administration, $2,369,041.

Proceedings reported.

RAILWAYS AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

Hon. George H. Hees (Minister of Transport) moved:

That a sessional committee on railways, air lines and shipping owned and controlled by the government be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers and records and to report from time to time and that, notwithstanding standing order 67 in relation to the limitation of the number of members, the said committee to consist of Messrs. Bourbonnais, Brassard (Lapointe), Broome, Carter, Chevrier, Chown, Creaghan, Drysdale, Fisher, Fraser, Grills, Gundlock, Hardie, Kennedy, Loiselle, Martini, Mitchell, Monteith (Verdun), Pascoe, Robichaud, Robinson, Rowe, Rynard, Smith (Calgary South), Smith (Simcoe North) and Tasse.

He said: This motion, Mr. Speaker, is to appoint, as has been the practice for many years, a sessional committee to consider the accounts of the Canadian National Railways, Canadian National (West Indies) Steamships, and Trans-Canada Air Lines.

The house will have noted that the name of the committee has been changed to include air lines. In addition to examining the accounts of the Canadian National the committee has also gone into the affairs of Trans-Canada Air Lines since the incorporation of that company, and it seems only appropriate that the name should take cognizance of air lines, and thus be more descriptive of the duties of the committee.

If it is the pleasure of the house to adopt the motion, it is my intention later today to ask leave to move that the Canadian National and Trans-Canada Air Lines' reports and the auditor's reports which have already been tabled be referred to the committee, together with the items of estimates that are usually dealt with by the committee.

I might also advise the house that it is planned to have the sittings of the committee start on Monday, July 14, with the consideration of the Canadian National report as the first business.

Hon. Lionel Chevrier (Laurier): This is the motion, Mr. Speaker, which I understand is annually submitted to the house by the responsible minister, in this case the Minister of Transport (Mr. Hees), to establish a committee in order to discuss the operations of three government-owned and controlled enterprises, namely the Canadian National Railways, the Canadian National Steamships and the Trans-Canada Air Lines. It is the motion which affords an opportunity to members of the house to discuss the affairs of these three government-owned enterprises.

I say to the minister that I am somewhat disappointed in the fact he did not take the opportunity this evening to discuss some of the matters concerning these enterprises that are of importance to the house; some of the things that we have been interested in during this session and the last one. If my memory serves me rightly, we did not have the opportunity of discussing this matter during the last session.

When the minister was a member of the opposition he almost unfailingly took part in this debate on the motion to establish a special committee on railways, shipping and air lines and there were few occasions when he did not take advantage of the situation to take the then government to task and to criticize it rather severely for certain of its acts of omission or commission. Inside and outside the house he was critical of lay-offs in the Canadian National Railways. But I cannot help thinking that on this extremely important question of lay-offs in the Canadian National Railways, his outlook has changed since he has moved to the other side of the house.

When he was a member of the opposition lay-offs were deplorable; there was no excuse whatever for men being laid off by the Canadian National Railways in the various shops of that government enterprise from one end of the country to the other. The government was responsible. But now, since he has become the minister responsible for the Department of Transport and is the spokesman in this house for the Canadian National Railways he takes an entirely different view of the whole subject. On more than one occasion, in answer to questions in this house, he has given little information; he has said that it is a fact that lay-offs are deplorable, that they are regretted by the government but that they must take place from time to time. I want to draw to the attention of the house the fact that that is an entirely different tune from the one which was played by the minister when he sat on this side of the house.

Even the present Prime Minister was extremely critical of the lay-offs made by the Canadian National Railways. I recall what he said in 1956. His words can be found at page 1864 of *Hansard* of that year. He said this:

> The morale of Canadian National Railways employees today in most cases is lower than it has been at any time in my experience because the employees feel they are not receiving the consideration they deserve.

You will appreciate, Mr. Speaker, that the present Prime Minister in those days, just like the present Minister of Transport, regarded lay-offs in an entirely different light from that in which he regards them at the present time. Now it is the Canadian National Railways management that is responsible for lay-offs; members of the government have nothing whatsoever to do with this extremely important question.

This brings me to another subject that is dear to the heart of the present Prime Minister and I want again to quote his words which can be found in the debates of the session of 1956, volume II, at page 1864:

> One of the things which would assist would be the removal of the present low level of the basic pension. It should be increased at least to $40 a month. That would not be very costly. I am speaking from memory but I believe that pensions today cost approximately 2.7 per cent of the total amount taken in by the Canadian National Railways. The increase in question would be infinitesimal having regard to the total amount of business done and would raise beyond words of description the morale of the employees of the railway company.

Of course it was not the first time that the hon. member for Prince Albert had spoken on this subject. As I said earlier, it is one that is dear to his heart. That fact no doubt explains why in the general election of 1957 we had a formal pledge as to C.N.R. pensions by the hon. member for Prince Albert, now the Prime Minister of Canada. He spoke on May 4 at Moncton and Campbellton in New Brunswick—and I draw your attention, Mr. Speaker, to the fact that when he spoke in those two cities his words certainly did not fall on deaf ears because there were a large number of employees of the Canadian National Railways who were particularly interested in what the Prime Minister would have to say concerning their problem. I therefore think it is safe to say that what he said fell on very sympathetic ears. I quote his words as reported by the *Globe and Mail* of May 6, 1957. Here they are:

> How can the government ask other employers to give their men and women benefits when crown

corporations, for which the government is responsible, reward its faithful employees with pensions like this?

Mr. Speaker, the Prime Minister at that time was referring to the basic pensions which amounted to $25 per month and less which he said were being received by more than 3,000 retired C.N.R. employees. He pledged a Conservative government to revise pension regulations for retired railway employees, to remove what he called existing inequities and anomalies, and to provide a fair and reasonable basic pension. Mr. Speaker, the present government has been in office now for over a year. Certainly we have a right to ask them what they have done and what they intend to do with reference to this pledge given by the Conservative party to the Canadian National Railways retired employees. We have a right to ask them that, particularly in view of his words which I quoted from *Hansard* and the statement which he made as quoted from the *Globe and Mail*.

I should now like to turn to another matter, one which I am sure will interest the house, namely the question of transportation facilities in the Atlantic regions. While I am not free to refer to a debate which took place yesterday, I could not help but read the speech which was made by the Minister of Transport when dealing with a certain transportation and recall that he did not seem to be aware of the fact that an investigation had been started by the former Liberal administration into transportation facilities generally in the Atlantic provinces.

Mr. Martin (Essex East): I do not think the minister is listening at this point; he is preoccupied.

Mr. Chevrier: I should like to bring to his attention, in case he was not aware of this fact,—he did not seem to be aware of it yesterday—a statement made by the former minister of finance, Hon. Mr. Harris, in a budget speech made on March 14, 1957, and which can be found in *Hansard* for that year, in the second volume thereof, at page 2219. I quote:

> In the view of the government we should now undertake a fresh and comprehensive examination of the entire transportation situation of the Atlantic provinces in order to determine what changes could contribute towards the economic welfare of the region.
>
> Among other questions, we should consider how best to supplement or improve some of the present means of transport in order to improve the transportation system generally. In this way it might be possible for the Atlantic region to get more value from the present level of federal expenditures in this field and from any increased funds that might become available.
>
> It is therefore the government's intention to launch an immediate review of the maritime transportation problem in general, and thereafter to put forward proposals as soon as feasible.

It is quite clear from that statement that the former administration did in fact launch an investigation into the transportation facilities of the maritime provinces, and did ask the Canadian National Railways, in particular, to give attention to that very important problem. Everyone knows of the part played by Canadian National Railways with respect to transportation facilities in those provinces; we know of the existence of their rail system in Nova Scotia and New Brunswick; we know of their facilities in Prince Edward Island and Newfoundland, and we also recall that they provide and operate various services by sea along the Newfoundland coast, the ferry between the mainland and Prince Edward Island and the service between Bar Harbor and Yarmouth and so on. They were to tell the Department of Transport what changes in their opinion ought to be made in existing services so as to provide more adequate transportation facilities in the Atlantic provinces.

This motion which is being made to establish a committee on railways and shipping provides, it seems to me, an opportunity to ask the government, or more particularly to ask the minister, what has happened to this matter, and I would think that the minister should give to the house some information, firstly, as to what has happened with reference to the survey mentioned by the former minister the Hon. Mr. Harris and, secondly, what has been the result of the survey undertaken in the Atlantic provinces by the Canadian National Railways.

I would now like to deal with another matter which is of equal importance to the Atlantic provinces, namely the subsidies granted to those provinces under the Maritime Freight Rates Act. Last year the Liberal government decided to increase from 20 to 30 per cent the subsidy on traffic movement out of what is known as the select territory into other parts of Canada. That increase was made because it was believed that by increasing the subsidy from 20 per cent to 30 per cent, in other words, making an increase of 50 per cent in the subvention on outbound traffic, that much would be accomplished towards meeting the changed conditions with respect to transportation which had come about since the subsidy was originally fixed, a good many years ago.

I know it is a fact that persons interested in transportation, particularly in the maritime provinces, expressed a good deal of satisfaction with the action taken by the previous administration. However, the Prime Minister (Mr. Diefenbaker) did not seem to think that that was enough, in fact, I believe I can quote words of his to indicate that even that increase from 20 to 30 per

cent was not in his opinion sufficient. He promised an improvement in the present conditions under the Maritime Freight Rates Act. In fact, when he spoke at Minto, New Brunswick, on June 1 he said that enlargement of the federal subsidies on freight rates under the Maritime Freight Rates Act, that is, of course, the increase of 50 per cent made by the previous government on outbound movements from select territory, had been totally inadequate for the seaboard provinces.

Those who heard the Prime Minister confidently expected that the Conservative government, if elected to office, would further increase the subvention payable under the Maritime Freight Rates Act. Here again is another field of complete inactivity on the part of the government and I think on the establishment of this committee the house is entitled to know from the minister what, if anything, is being done about an increase in the maritime freight rates subsidy and why, if no consideration is being given to such an increase, what is the position in view of the statements made by the Prime Minister.

It seems to me that the Minister of Transport has shown an unusual change of outlook since he moved from this side of the house to the other side of the house. He has been quite silent today on a number of things concerning these three government-owned enterprises. I am disappointed that he has been silent in regard to so many subjects which are of interest to the house, to the Canadian National Railways, to the Canadian National Steamships, to the Trans-Canada Air Lines, as well as upon those transportation services which affect the Atlantic provinces.

There is one other subject upon which I would like to say a few words, and that is with respect to Canadian National Steamships, but perhaps I might call it ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the government leader what the business will be tomorrow?

Mr. Green: Tomorrow, Mr. Speaker, we shall continue with this motion. We had hoped then to take second reading of item No. 5, which is an act to incorporate the lakehead harbour commissioners. If the member for Fort William (Mr. Badanai) is here we shall go ahead; otherwise we will be willing to defer discussion on this subject.

Mr. Chevrier: Thank you.

Mr. Green: And then item No. 16, a resolution concerning returned soldiers' insurance, and item No. 17, a resolution concerning veterans insurance. The intention is to refer both of those bills to the standing committee on veterans affairs. Then item No. 12, a resolution concerning the Yukon; item No. 6, concerning Cape Breton Highlands national park; then item No. 4, second reading of the act to amend the Lake of the Woods Control Board Act.

Mr. Chevrier: Is it the intention of the government to go on with government business on Thursday?

Mr. Green: Yes, but it will depend on how we get along tomorrow with these different items. We may take the budget resolutions.

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

ANSWERS TO QUESTIONS

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

PUBLIC WORKS, GASPE COUNTY, QUE.

Question No. 27—**Mr. Bourget:**

1. What work was done by the Department of Public Works in the county of Gaspe, during the fiscal year 1957-1958?

2. In each case (a) on what date was the work begun; (b) what was the cost of the work; (c) what are the names of the foremen, and what amount was paid to each of them?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1 and 2.

Location	Work done	Date work commenced	Amount spent	Name of foreman	Amount paid
			$		$
Anse à Brillant	Repairs	25-11-57	77.70	Archie Annett	5.70
Anse au Griffon	Landing extension	8-10-57	6,975.51	Rosario Chouinard	151.36
" " "	Harbour improvements	25-8-57	2,508.98	Dominique Samson	153.45
" " "	Repairs to fishing harbour	25-10-57	5,012.95	Magella Whitty	360.00
" " "	Dredging by mobile crane	1-8-57	4,895.42	D.P.W. Staff	—
Anse à Valleau	Dredging by mobile crane	28-10-57	3,916.33	D.P.W. Staff	—
" " "	Construction of a landing	11-9-57	12,096.74	Amédée Mathurin	502.04
" " "	Repairs to roadway	19-9-57	1,546.32	Elie Mathurin	259.60
" " "	Repairs to wharf	2-11-57	307.42	Alcide Boulay	74.80
" " "	Repairs to jetty	13-11-57	63.14	Amédée Mathurin	31.90
Anse Pleureuse	Dredging	13-5-57	320.94	Omer Bélanger	67.10
Barachois de Malbaie	Dredging	18-10-57	2,513.56	Harold Ross	211.20
Bois Brûlé	Wharf repairs	15-10-57	1,962.80	Archie Annett	200.00
Bonaventure Island	Repairs to wharf	17-10-57	70.25	Walter Maloney	27.91
Cap Chat	Wharf repairs	29-8-57	9,968.68	Conrad Lemieux	632.00
" "	Construction of a protection wall	6-9-57	5,212.50	D.P.W. Staff	—
" "	Construction of a protection wall	17-10-57	1,314.57	Augustin Lepage	130.20
Cap des Rosiers (Riv. Whalen)	Dredging by mobile crane	24-6-57	3,318.01	D.P.W. Staff	—
Chandler	Wharf repairs	19-7-57	3,299.30	Willie Dallaire	130.20
"				Xavier Garant	508.40
"	Asphalt paving	9-10-57	6,624.22	D.P.W. Staff	—
Cloridorme	Repairs to wharf	4-11-57	688.78	Henri Francoeur	136.40
"	Repairs to slipway	7-10-57	1,104.82	Henri Francoeur	136.40
D'Aiguillon	Repairs to descent	24-10-57	877.70	Hector Perry	172.80
Fame Point	Wharf repairs	20-9-57	486.16	J.-Baptiste Bonenfant	105.60
Gaspé (Village)	Wharf repairs	24-10-57	168.41	Georges Bernier	55.00
" (Sandy Beach)	Construction of steel cradle	3-9-57	5,038.80	D.P.W. Staff	—
" " "	Marine hauling slip	18-10-57	5,341.35	Industrial & Commercial Laboratories	36.21
" " "	Repairs to wharf damaged by S.S. Crolyn	20-8-57	1,576.11	Anthony Ahern	297.60
" " "	Maintenance repairs	28-10-57	1,387.43	Anthony Ahern	241.80
" " "	Removal of shed	1-12-57	819.10	Anthony Ahern	210.80
Grande Grève	Harbour repairs	11-7-57	1,165.25	Percy Roberts	49.60
Grande Rivière	Repairs to roadway and fences	10-10-57	450.47	Wilfrid Moreau	85.00
" "	Maintenance repairs to fishing harbour	25-10-57	3,023.58	Wilfrid Moreau	230.00
" "	Dredging by PWD No. 128	8-10-57	3,250.32	D.P.W. Staff	—
" "	Slipway construction	15-5-57	14,482.30	Paul-A. Methot	96.80
Grande Vallée	Lighting system	19-8-57	4,860.00	D.P.W. Staff	—
" "	Wharf repairs	29-8-57	1,504.88	Roméo Minville	217.00
" "	Dredging by mobile crane	16-5-57	1,794.99	D.P.W. Staff	—
" "	Dredging	4-9-57	(Not completed)	Raymond Lemieux	160.20
Jersey Cove	Slipway construction	24-10-57	3,154.52	Émile Cassivi	235.60
" "	Repairs to descent	8-10-57	863.32	Gilbert Gaul	149.60
Marsoui	Harbour improvements	17-9-57	4,935.16	Philibert Henley	365.00
Mechins	Wharf repairs	17-10-57	1,444.46	Yvon Verreault	195.00
"	Dredging	28-8-57	409.85	Marcel Chouinard	141.90
Mont Louis	East wharf repairs	1956	30,235.65	D.P.W. Staff in 1957	—
" "	East wharf repairs	28-5-57	21,074.92	D.P.W. Staff	—
" "	West wharf repairs	1-7-57	15,359.78	F. Lemieux	413.85
				(and D.P.W. Staff)	—
" "	Dredging	25-9-57	564.74	D.P.W. Staff	—
" "	Improvements to shed	24-3-58	181.83	Fenelon Lemieux	67.30
Newport Point	Wharf	14-6-57	50,327.67	D.P.W. Staff	—
" (Rivière des Ilots)	Maintenance repairs	25-11-57	2,227.83	Barthelemy Grenier	188.40
" (Pointe Noire)	Maintenance repairs	22-11-57	1,101.51	Frank Michel	85.00
" (Pointe Maquereau)	Slipway improvements	3-12-57	290.06	Benjamin Castilloux	100.00
(Pointe Maquereau)	Repairs	4-6-57	7.60	Pierre Allain	7.60

Location	Work done	Date work commenced	Amount spent	Name of foreman	Amount paid
			$		$
Percé	Secure flooring & sheathing deals	30–9–57	146.71	Émile B. Method	79.20
Petit Gaspé	Wharf repairs	7–10–57	1,776.81	Percy Roberts	272.80
Petite Madeleine	Wharf repairs	28–9–57	3,573.24	J. Cyrille Bond	469.20
Petite rivière au Renard	Dredging by mobile crane	27–9–57	2,556.50	D.P.W. Staff	—
Petite rivière Est	Replacing missing section of pilewall	20–11–57	582.39	Simon Lancup	140.00
" " "	Dredging	20–11–57	1,703.06	Paul Lelièvre	110.00
" " "	Jetty extension	23–8–57	61,390.20	Robert Lancup	942.25
Petite Vallée	Wharf repairs	25–9–57	3,011.11	Georges Brousseau	415.40
" "	Dredging	15–5–57	3,296.30	Gustave Brousseau	234.80
" "	Dredging by mobile crane	6–6–57	1,468.62	D.P.W. Staff	—
Pointe Frégate	Dredging	27–8–57	401.26	Rodolphe Coté	144.00
Pointe Jaune	Installing hauling plant	3–7–57	15.00	Robert Joncas	15.00
Rivière à la Martre	Wharf repairs	3–9–57	5,268.52	Maurice l'Italien	535.50
Rivière au Renard	Lighting system	7–8–57	4,860.00	D.P.W. Staff	—
" " "	Wharf extension	19–8–57	57,053.83	Leopold English	645.93
" " "	Dredging	1956	18,597.30	Oscar Laflamme	635.30
" " "	Wharf repairs	3–7–57	2,877.94	John Samuel	223.20
" " "	Fishermen's wharf repairs	11–11–57	817.02	Adem Philibert	111.60
" " "	Protection works	26–7–57	1,520.91	John Samuel	43.40
				Adem Philibert	124.00
Ruisseau des Olives	Dredging	21–9–57	545.60	Odilon Lemieux	81.60
Sainte Anne des Monts	Wharf repairs	11–6–57	67,939.25	Louis Sasseville	334.40
Sainte Anne des Monts	Wharf repairs	15–7–57	2,356.40	D.P.W. Staff	—
" " "	Wharf repairs	23–10–57	8,822.63	Georges Lefrançois	714.00
" " "	Protection works	23–8–57	149.50	Gerard Marin	44.00
" " "	Dredging	26–9–57	711.00	Gerard Marin	56.10
" " "	Protection works	23–8–57	121.29	D.P.W. Staff	—
" " "	Temporary fenders	22–10–57	600.00	D.P.W. Staff	—
St. Joachim de Tourelle	Repairs to protection wall	24–10–57	1,409.58	Willie Servant	160.00
" " "	Protection works	3–9–57	3,350.00	Jean Therrien	52.80
" " "	Wharf repairs	12–9–57	478.00	Edmond St. Laurent	80.00
" " "	Dredging	16–9–57	602.11	Aime Therrien	105.60
" " "	Protection wall	5–12–57	4,467.75	Romeo Perry	89.10
" " "	Dredging	21–10–57	603.47	Pierre-Paul Savard	88.00
" " "	Slipway reconstruction	5–10–57	2,982,78	Chs-Antoine Miville	200.00
" " "	Repairs to descent	3–9–57	1,691,55	Ephrem Labrie	264.28
St. Maurice de l'Échourie	Wharf repairs	19–9–57	3,369.36	Onias Élement	427.80
" " "	Repairs to descent	5–11–57	298.59	Georges Dumaresq	74.40
" " "	Protection works	25–10–57	18,896.32	Gilles French	198.40
St. Yvon	Repairs to protection works	4–11–57	2,973.48	Ludger Coté	259.85
" "	Breakwater improvements	28–10–57	2,334.68	Leopold Beaudoin	164.68

ILO—CANADIAN DELEGATES

Question No. 134—**Mr. Houck:**

1. Who are the members of the Canadian delegation to the ILO meeting at Geneva?

2. What is the status of each of them, and how many days will each be in attendance at this meeting?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1 and 2. Following are the members of the Canadian delegation to the ILO conference at Geneva:

Name and address	Status	Dates of Attendance
Mr. A. H. Brown, deputy minister, Department of Labour, Ottawa, Ontario.	Head of delegation and government delegate	June 4 to 26
Mr. Pat Conroy, labour counsellor, Canadian embassy, Washington, D.C., U.S.A.	Government delegate	June 4 to 26

Name and address	Status	Dates of Attendance
Mr. M. Wershof, ambassador and permanent representative of Canada to the European office of the United Nations, Geneva, Switzerland.	Substitute government delegate	June 4 to 13
Mr. G. R. Carroll, industrial relations branch, Department of Labour, Ottawa, Ontario.	Adviser to government delegates	June 4 to 26
Mr. H. Jay, first secretary, Canadian permanent mission to the European office of the United Nations, Geneva, Switzerland.	Adviser to government delegates	June 4 to 26
Mr. I. McArthur, chairman, fisheries prices support board, Department of Fisheries, Ottawa, Ontario.	Adviser to government delegates	June 9 to 21
Dr. T. H. Patterson, chief, occupational health division, Department of National Health and Welfare, Ottawa, Ontario.	Adviser to government delegates	June 4 to 24
Mr. G. Schonning, economics and research branch, Department of Labour, Ottawa, Ontario.	Adviser to government delegates	June 4 to 26
Mr. H. McD. Sparks, vice president, industrial and public relations, Northern Electric Co., Ltd., Montreal, P. Q.	Employer delegate	June 4 to 26
Mr. K. G. K. Baker, executive assistant to president, Howard Smith Paper Mills Limited, Montreal, P. Q.	Adviser to employer delegate	June 4 to 26
Mr. J. R. Kimpton, former assistant vice president (personnel), Canadian Pacific Railway Co., Montreal, P. Q.	Adviser to employer delegate	June 4 to 26
Mr. D. A. Page, director of personnel, The Goodyear Tire & Rubber Co. of Canada Limited, New Toronto, Ontario.	Adviser to employer delegate	June 4 to 26

Name and address	Status	Dates of Attendance
Mr. M. Soules, president, Soules Construction Limited, Toronto, Ontario.	Adviser to employer delegate	June 4 to 26
Mr. J. W. Stewart, manager of the Atlantic division, Canadian Manufacturers Association, Moncton, N. B.	Adviser to employer delegate	June 4 to 26
Mr. Claude Jodoin, president, Canadian Labour Congress, Ottawa, Ontario.	Worker delegate	June 4 to 26
Mr. A. A. Hutchinson, vice chairman, national legislative committee of the international railway brotherhoods and vice president, order of railroad telegraphers, Ottawa, Ontario.	Adviser to worker delegate	June 4 to 26
Mr. K. Kaplansky, director, international affairs department, Canadian Labour Congress, Ottawa, Ontario.	Adviser to worker delegate	June 4 to 26
Mr. E. Larose, general representative for Quebec, united brotherhood of carpenters & joiners of America, Montreal, P. Q.	Adviser to worker delegate	June 4 to 26
Mr. R. Mathieu, vice president, La Confederation des Travailleurs Catholiques du Canada, Montreal, P. Q.	Adviser to worker delegate	June 4 to 26
Mr. J. C. Nicholson, director of district No. 5, united steelworkers of America, Sydney, N. S.	Adviser to worker delegate	June 4 to 26
Mr. H. T. Pammett, international labour organization branch, Department of Labour, Ottawa, Ontario.	Adviser and secretary to delegation	June 4 to 26
Miss N. Lishman, economics and research branch, Department of Labour, Ottawa, Ontario.	Assistant to the secretary	June 4 to 26

R.C.M.P. DOSSIERS ON MEMBERS OF PARLIAMENT

Question No. 138—**Mr. Howard:**

1. Does the R.C.M.P. maintain any files or dossiers on members of parliament?

2. If so, upon which members of the present parliament are such files or dossiers maintained?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

All Royal Canadian Mounted Police files on individuals are confidential and many are secret. One of the primary duties of all those responsible for such files is to respect and preserve the confidential or secret nature of their contents.

It will be appreciated also that a large number of such files are started by reports, statements or knowledge of activities coming to the attention of responsible members of the police which they are bound to investigate in the course of their duties. The follow-up on such reports in many cases reveals no necessity for further action, yet there is still a file. This means that many files will be in existence under the names of individuals against whom there is nothing of a substantial, let alone a criminal, nature.

It will therefore be generally agreed that it would be grossly unfair to any such individual to have it revealed or even suspected that there exists a police file under his name, yet there may be many ways in which such a suspicion could be raised. One of the surest ways of laying the foundation for the raising of suspicion would be to isolate a group of individuals, such as members of parliament, start answering questions as to whether there are any files on any of them and then refuse —as would have to be done—to go any further when questioned as to the existence or non-existence of a file on a specific member or members of such group. But this is exactly the door which would be opened by an answer to this question.

Not only would this lead to the possibility of prejudice to an innocent individual, but if there were in fact with respect to any one or more members of such group a file or files which contained information serious enough to warrant further investigation, the success of the investigation and possibly the security of the state, might be seriously prejudiced by giving any information whatsoever.

It therefore follows that, both in order to protect innocent individuals on whom there may be files and to preserve the interests of the state, the answer must be that it is considered to be contrary to the public interest to give a specific answer to this question.

HOUSE OF COMMONS

Wednesday, July 9, 1958

The house met at 2.30 p.m.

THE ARGENTINE

INDEPENDENCE DAY—EXPRESSION OF CONGRATULATIONS

Mr. Speaker: On July 1 I tabled a cablegram from the Speaker of the Chamber of Deputies of Argentina expressing through me to the House of Commons their cordial congratulations and good wishes on the occasion of the Canadian national holiday. Later I cabled my thanks on your behalf.

Today, July 9, is Argentina's Independence day. In appreciation of this event and of the courteous gesture which I have just mentioned, I am sure hon. members would wish me to express to the deputies and people of Argentina the most sincere congratulations of this house on the occasion of their Independence day.

Some hon. Members: Hear, hear.

PRIVILEGE

MR. CHEVRIER—REFERENCE TO OTTAWA "CITIZEN" REPORT OF COMMITTEE MEETING

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I rise on a question of privilege. On July 8 the Ottawa *Citizen* carried an article the headnote of which reads as follows: "No Liberals at Session of Committee." The report reads:

Not one Liberal showed up Monday when the veterans affairs committee of the commons began its examination of the operations of the Canadian pensions commission.

I am not a member of the committee but the hon. member for Humber-St. George's (Mr. Batten) is. He informs me that he arrived at the committee at 10.45 a.m. on July 7 and remained until adjournment, which I understand was at 12.30 p.m. I think this correction should be made. I am sure the reporter for the *Citizen* overlooked the presence of the hon. member for Humber-St. George's.

PRESIDENT EISENHOWER

INCLUSION OF ADDRESS TO BOTH HOUSES OF PARLIAMENT IN PROCEEDINGS OF TODAY

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, by unanimous consent I should like to move, seconded by the hon. member for Laurier—

Mr. Chevrier: With great pleasure in my case.

Mr. Green: —the following motion:

That the address of the President of the United States of America, Mr. Dwight D. Eisenhower, delivered before the members of the Senate and of the House of Commons on this day, together with the introductory and related speeches, be included in the *House of Commons Debates* as an appendix and thus form part of the records of this parliament.

Some hon. Members: Hear, hear.

Mr. Speaker: I take it from the applause that it is the pleasure of the house to adopt the motion.

Motion agreed to.

[*For text of addresses above referred to, see appendix, pages 2081-87.*]

STANDING ORDERS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the first report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

LABOUR

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. Howard C. Green (Minister of Public Works) moved:

That items numbered 170 to 180 inclusive, as listed in the main estimates 1958-59; and items numbered 571 to 573 inclusive, as listed in the supplementary estimates for the fiscal year ending March 31, 1959, relating to the Department of Labour, be withdrawn from the committee of supply and be referred to the standing committee on industrial relations, saving always the powers of the committee of supply in relation to the voting of public moneys.

Some hon. Members: On division.

Motion agreed to on division.

MOTIONS FOR PAPERS

On the order:

Notices of motions for the production of papers.

Mr. W. M. Benidickson (Kenora-Rainy River): In view of the understandable absence of the ministers involved in the motions for papers Nos. 15, 22 and 23, due to our special visitors, and since I have not spoken to them, may they stand?

Inquiries of the Ministry

Hon. Howard C. Green (Minister of Public Works): The Minister of Finance has advised me that he would be willing to have these orders go through today.

RESOURCE ROADS PROGRAM, ONTARIO

Motion No. 15—**Mr. Benidickson:**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

He said: I am sure the Minister of Public Works is referring to the next item.

Motion stands.

EXCISE TAX ON NON-CANADIAN PERIODICALS

Motion No. 22—**Mr. Benidickson:**

For a copy of all briefs received by the Department of Finance since June 21, 1957, respecting the excise tax on special editions of non-Canadian periodicals and the general position of Canadian magazines.

Motion agreed to.

ESTATES TAX

Motion No. 23—**Mr. Benidickson:**

For a copy of all national briefs received by the Department of Finance since January 29, 1958, providing criticisms of the Bill No. 248, session 1957-58, setting forth the pattern for an estates tax.

Motion agreed to.

STORM DESTRUCTION, MEGANTIC COUNTY—FEDERAL ASSISTANCE

Motion No. 24—**Mr. Roberge:**

For a copy of all telegrams, letters, correspondence and other documents exchanged since August 3, 1957, between the federal government, the government of the province of Quebec and the city of Thetford Mines, concerning the assistance to be given in the Thetford Mines district, and elsewhere in the county of Megantic, following the torrential rain and inundation of August 3, 1957.

Motion agreed to.

UNEMPLOYMENT INSURANCE

REPORTED CRITICISM OF ACT BY MONTREAL JUDGE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I wish to direct a question to the Minister of Labour. Has the attention of the minister been drawn to the report in this morning's Montreal *Gazette* setting forth the strong criticism of a judge in arraignment court of the provision of the Unemployment Insurance Act which deprives a person of benefits if he obtains casual employment? Is it possible for the minister to inform the house whether consideration is being given to making the necessary changes to correct the situation? Can he also inform the house whether it is the intention of his department to introduce at this session any further amendments to the Unemployment Insurance Act?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member's question I wish to inform him that I have not seen the article to which he refers. I will take the balance of his question as notice and give him an answer tomorrow.

INTERNATIONAL TRADE FAIR

BRUSSELS—RESIGNATION OF CHAPERONE OF STUDENT GUIDES—TABLING OF CORRESPONDENCE

On the orders of the day:

Mr. Maurice Bourget (Levis): May I ask the Minister of Trade and Commerce when he expects to table the letters concerning the Madame Bienvenue case that I asked for on June 26?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I thought that the hon. member had lost interest in the subject. I will table the letters now.

Mr. Bourget: Mr. Speaker, I rise on a question of privilege. I have asked for information from the officials of the house every day since I asked this question. I supposed that the minister himself had lost interest in that particular case.

Mr. Churchill: No, Mr. Speaker. When the question was first asked of me I said I would take it under consideration. The hon. member has not raised the question again since. I am quite prepared to table them.

Mr. Bourget: Am I to understand that the minister will table these letters today or tomorrow?

Mr. Churchill: Right now.

Mr. Bourget: Thank you.

OLD AGE SECURITY

INQUIRY AS TO REPORT OF DR. ROBERT CLARK

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare, to ask whether or not the report being prepared by Professor Clark regarding old age and survivors insurance and security in the United States is likely to be tabled before the end of July. In this connection the minister will likely want to bear in mind his reply of a few days ago. Also, when replying, will the minister indicate whether or not Professor

Clark has been instructed that his terms of reference are fact-finding and not recommendatory?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, as I think the hon. member will recall, the terms under which Dr. Clark was instructed to make this study were according to the Prime Minister's announcement. I mentioned a few days ago that this study was progressing favourably, and that is the case. I have no doubt that the report will be presented just as soon as it is completed.

Mr. Martin (Essex East): The minister has entirely overlooked another feature of my question, namely whether or not Professor Clark will be precluded from making any recommendations.

Mr. Monteith (Perth): The terms under which Dr. Clark was asked to make this survey did not, I believe, include any request for recommendations but purely a factual study. That is my recollection.

HOUSE OF COMMONS

TRIBUTE TO MR. SPEAKER'S RESPONSE TO ADDRESS BY PRESIDENT OF THE UNITED STATES

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, this is not a question, but I hope you will not rule me out of order. I would be remiss if I did not say at least a word on behalf of the opposition as to how much we appreciated your very fine response to the splendid address by the President of the United States this morning. I can only add, Mr. Speaker, that I am sure the President will carry back to Washington the conviction that we have an exceptionally fine Speaker in our House of Commons.

Some hon. Members: Hear, hear.

Mr. Speaker: I wish to thank the hon. member and the house. In the circumstances I can scarcely rule him out of order.

INQUIRY FOR RETURN

TERRA NOVA NATIONAL PARK, NFLD.

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I might ask the Minister of Northern Affairs and National Resources how soon he hopes to be able to table the return for which I asked, and to which the house agreed some days ago, with respect to employment in the Terra Nova national park.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I shall make inquiries and inform the hon. member.

Railways and Shipping Committee

(Translation):

COAL

DRUMHELLER—INQUIRY AS TO POSITION OF MINERS

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I wish to put a question to the Minister of Mines and Technical Surveys. Has he been informed of the difficult position in which the Drumheller miners find themselves, and could he tell us if the government is considering assistance to that important mining industry in Alberta?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I am aware of the situation. In fact the officials of my department have discussed the matter and taken it up with the Department of Labour and the Department of Trade and Commerce. We are now considering the matter in order to find some means of providing assistance to this mine and to local miners.

(Text):

RAILWAYS AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS AND SHIPPING OWNED AND CONTROLLED BY THE GOVERNMENT

The house resumed, from Tuesday, July 8, consideration of the motion of Mr. Hees:

That a sessional committee on railways, air lines and shipping owned and controlled by the government be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers and records and to report from time to time and that, notwithstanding Standing Order 67 in relation to the limitation of the number of members, the said committee to consist of Messrs. Bourbonnais, Brassard (Lapointe), Broome, Carter, Chevrier, Chown, Creaghan, Drysdale, Fisher, Fraser, Grills, Gundlock, Hardie, Kennedy, Loiselle, Martini, Mitchell, Monteith (Verdun), Pascoe, Robichaud, Robinson, Rowe, Rynard, Smith (Calgary South), Smith (Simcoe North) and Tasse.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, we resume discussion today on the motion of the Minister of Transport to establish the annual special sessional committee on railways and shipping, that is to say upon enterprises owned, controlled and operated by the government. When the house adjourned at ten o'clock last evening I was dealing with the Canadian National Steamships along with the Canadian National Railways and Trans-Canada Air Lines, government-owned enterprises to which the former administration had given particular attention down through the years.

This subject is one which I believe is of interest to all members of the house, though perhaps it might be considered as being of particular interest to those members who come from the Atlantic provinces. All that is necessary, however, is to read *Hansard* for a few years in order to appreciate what was said by members of the government when they were on this side of the house and to realize how the members of the Conservative party, when they were in opposition, were clamouring for increased services and facilities for the Canadian National (West Indies) Steamships. They were loud in their advocacy of the extension of the service. They advocated, for example, adding additional refrigerated space in these ships so as to make the service between this country and the West Indies more efficient. They pointed to the fact that this service was important to the trade between Canada and the British West Indies, and how important the trade was to the Atlantic provinces; they stressed the usefulness of this link between Canada and what is now the federation.

When the government of the day followed the somewhat cautious course—perhaps it was too cautious—of announcing that the service would be continued on a year to year basis, the Conservative opposition criticized us very severely, perhaps with cause, because we had not placed the service on a more permanent basis. They did approve, however, of the action taken by the previous government to give a longer life to the service, and I think they were actually commendatory of the action taken by the previous government when it announced that it was intended to operate the service for a further period of five years notwithstanding the fact that there had been deficits in the past which, perhaps, were not too agreeable to pay.

In other words, while in opposition the Conservative party was strong in support of the service I think, too, that Canadians generally realized that it had great usefulness. It fostered trade with the West Indies. It provided a ready and continuing means of transportation between this country and the islands; it was a service which was economic as well as sentimental; it was a service which had existed down through the years and which, I believe, this country liked to see in operation.

And now that the opposition has become the government, what has happened? They had hardly been in office for more than a few months before the sabotaging of the Canadian National Steamships service to the West Indies began to take place; and I do not apologize for using this word because I believe that is exactly what took place, the sabotaging of the Canadian National (West Indies) Steamships. In fairness to the minister I am not holding him exclusively to blame for the outcome because I think that would not be exactly in accordance with tradition; but I find it extraordinary, in view of all that was said in the past by those who now sit on your right, Mr. Speaker, that members of parliament such as the hon. member for Saint John-Albert (Mr. Bell) and the Minister of National Revenue (Mr. Nowlan), who were so vocal in the past in their criticism of the government for not doing more, should have been party to the sabotaging of this steamship line and the discontinuance of its regular service between Canada and the West Indies.

Mr. Speaker, it is disappointing to those of us who sit on this side of the house to realize the manner in which the government consented to the transfer of the flag of the Canadian National Steamships to another country, and it would seem to me that the first thing—

Mr. Speaker: Order. I do not wish to restrict discussion improperly, but I ask the hon. gentleman to consider whether he is in order in dealing with the subject matter with which this committee would have to deal if it were established. As he well knows, the motion before the house is to establish a committee, to refer certain matters to it and to give it certain powers. Now, if I were to allow the hon. member to proceed to discuss the Canadian National (West Indies) Steamships and any other subject matter which this committee might have referred to it by this resolution, there would be no limit to the discussion here. As I said, I do not want to limit discussion unnecessarily but I ask him to consider whether that would not create an impossible situation.

Mr. Chevrier: If I may be allowed to speak to the point of order, Mr. Speaker, I may say that it has been the practice in this house over the years to allow the widest possible latitude in discussion upon the motion to establish this committee. I have not *Hansard* before me at the moment, but certainly in my experience in the years I was occupying the position which the minister occupies now, members of the House of Commons were allowed to rise in this debate and speak on matters concerning the Canadian National Railways, Trans-Canada Air Lines and Canadian National (West Indies) Steamships; particularly, sir, in view of the fact that many members are not on this committee and therefore would have no other opportunity of discussing these matters, save on this motion. It is true they could discuss them on other occasions, on the budget debate and on the

speech from the throne, for instance. Therefore I say to you with respect that in the past this discussion has been allowed.

What I am proceeding to do now is not to enter into this subject in too much detail, but I would like to make a number of general references not only to the Canadian National (West Indies) Steamships but more particularly to Trans-Canada Air Lines. Of course if you rule me out of order I will accept the ruling, and that will be the end. I submit that in the past discussion has been allowed with pretty wide latitude. It would seem to me that I am in order in discussing the operations of those three government-owned enterprises.

Mr. Hees: If I might speak to the point of order also, I think the hon. member for Laurier is right when he says that in the past there was a pretty wide-ranging debate allowed on this motion. As far as I am concerned, as minister of the department, I would be perfectly willing to have any of these matters discussed as fully as hon. members would like to discuss them.

Mr. Benidickson: I am glad to hear those remarks by the Minister of Transport, because it just so happens that yesterday and last evening I was looking up some of the past debates when similar motions were before the house. I found that when the Prime Minister himself was a private member of the house he frequently made remarks of this kind on this motion, particularly with respect to pensions of C.N.R. employees. He pointed out that he was not likely to be a member of the committee and urged that the committee, when it undertook its deliberations, should look into increases in the pensions of C.N.R. employees. In similar speeches the Prime Minister, when he was a private member, indicated that he felt the question of competition with Trans-Canada Air Lines and other things should be looked into.

An hon. Member: Do two wrongs make a right?

Mr. Speaker: I thank hon. members for reminding me of what has been done before. I must say I am not too happy about the idea of having duplicate debates. When this committee reports, the subject matter of its investigation will be before the house and open to debate and in the interval it will be debated before the committee. It is obviously the sense of the house today that some latitude should be allowed; therefore I am quite content, by leave of the house, to proceed along the lines suggested by the hon. members and minister.

Mr. Chevrier: I would not want you to think, Mr. Speaker, that I would wish to delay the establishment of this committee, because we on this side of the house support the motion. I shall try to be as brief as possible. Unless there are other members on this side who want to speak on this motion, I think, I shall be the only speaker; but I cannot assume that that will be the case. I thank the minister and my colleague the hon. member for Kenora-Rainy River (Mr. Benidickson) for their assistance on the point of order, and the very understanding attitude of Mr. Speaker.

May I go on and say that to those of us who sit on this side of the house it is disappointing that nothing, or very little, has been said during the course of this session about the activities of the Canadian National (West Indies) Steamships, particularly by those who were so strong in their criticism of our action. What is extremely disappointing is that after all this criticism, which I mentioned earlier, was made by members who now sit on the government side, there should be this abrupt termination of the services of the Canadian National (West Indies) Steamships—again the minister may feel that I use a harsh expression—and the complete capitulation of the government in the face of difficulties which could have been and could still be overcome. Those who have followed the fortunes of the Canadian National (West Indies) Steamships can feel only a tremendous sense of disappointment that the government should have done so little to maintain this very important service to the West Indies.

I would now like to turn to another matter, sir, before I resume my seat, and it has to do with the activities of Trans-Canada Air Lines. At this time I want particularly to draw attention to the complete silence of the minister on this very important matter of Trans-Canada Air Lines services in Canada. I would like to put on record the attitude the minister adopted when he sat on this side of the house. He was very critical of the operations of Trans-Canada Air Lines at that time. I would like to quote from the debates of 1956, volume 2, page 1868, and I will overlook the interjections in the quotation I shall give:

> Mr. George H. Hees (Broadview): Mr. Speaker, the thing I have never been able to understand is why the government insists on maintaining this T.C.A. monopoly after about 15 years of operation because any businessman knows that in any kind of business where competition is allowed to have full sway, both the public and the competing firms benefit. Everybody wins. The public benefit because they get cheaper prices and better service. The competing firms benefit because they are forced to remain efficient and to keep on improving their product and their service. Where monopoly is allowed to hold sway, as it has been for 15 years in the case of the T.C.A. then the organization

becomes inefficient. Any businessman knows that, and I challenge any member of the house to refute that statement.

Here I would like to interject that there is no doubt, too, that the minister who was being extremely critical of T.C.A. when he was on this side of the house, if he could speak what is really in his mind, would say that there is no greater service than that performed by T.C.A. in aviation in this country, and that T.C.A. compares favourably with any other air line in the world. I continue:

If monopoly is allowed to be maintained, costs rise and service deteriorates.

Therefore it is quite clear, sir, from this quotation as to what was the attitude of the Minister of Transport in those days. Then I should like to put on *Hansard* another quotation in the same debate which, as Mr. Speaker can see, was quite lengthy and fairly wide in its scope. It is found on page 1869 of *Hansard* for March 6, 1956, and I again quote the present Minister of Transport:

What I say, Mr. Speaker, is, let us have competition in our air services in Canada. Let the Minister of Trade and Commerce (Mr. Howe) stop protecting his sacred cow, T.C.A., and let us have all-out competition—

"Let us have all-out competition."

—between T.C.A. and these lines that have applied to compete for passenger and freight traffic across Canada. As I have said, T.C.A. has nothing to worry about provided it can produce better and cheaper passenger and freight services. If it can, it will maintain its position. If it cannot, it will lose some of the business and, as in all competitive enterprise, the buying public will benefit. T.C.A. will benefit because it will then have to improve its services and efficiency to keep pace with those who are taking business from it. That is the essence of the competitive system. That is what makes business on the North American continent in particular such an outstanding example of what free enterprise can accomplish.

Again, in the last paragraph of his speech he said:

Let us have competition in our air services in Canada and put T.C.A. to the test to prove it is as good as it is claimed to be. If it is, then the public of Canada will be very well pleased.

Some hon. Members: Hear, hear.

Mr. Chevrier: Well Mr. Speaker, in the face of this very positive statement made by the minister in 1956 and in the light of the very weak applause for the statement from the other side of the house, it is surprising to those of us who sit on this side of the house that the minister should have been so silent about the activities of Trans-Canada Air Lines. It would have seemed to me that one of the first things he would have done in rising to move the establishment of this committee would be to say something about this very vital matter. The minister, however, has not availed himself of the opportunity to make a statement to the house as to the policies to be followed by the government in connection with Trans-Canada Air Lines and competition with it.

However, the minister did make a statement outside of the house. On February 7, just a few days after parliament was dissolved, he went up to Timmins and there he told a public meeting what the policy of the government was to be. As is pointed out by my colleague the hon. member for Essex East (Mr. Martin), this was during the election campaign. I read from a report of the minister's speech as found in the Montreal *Gazette* and emanating from Timmins on February 7:

Elimination of Trans-Canada Air Lines' long-standing monopoly on domestic transcontinental air service was announced tonight by transport minister Hees . . . Private companies such as the big Canadian Pacific Airlines will be enabled to try for franchises on routes now covered by the publicly owned T.C.A. At the same time, T.C.A. will be able to apply for rights on routes flown by private lines.

In the first place, this was a very important statement of public policy. It should have been made in the house and not outside it. Again, being an important statement of public policy, it was a change from the policy followed by the previous administration and, a fortiori, announcement of it should have been made in the house. But we find on close examination of the Aeronautics Act that the minister went much further than he should have gone on that occasion. Perhaps first, Mr. Speaker, I should quote a portion of the speech the minister made so that I will not be accused of misrepresenting him. I succeeded in getting a copy of his speech made to the Porcupine chamber of commerce on February 7, 1958.

Mr. Benidickson: An election was coming along, wasn't it?

Mr. Chevrier: Oh, unquestionably. I take this sentence from the speech:

—I am requesting the air transport board to proceed with a public hearing on the general need for additional transcontinental air services, since these two applications may not be the only ones to come forward, and the best method of proceeding would be a general hearing at which all interested parties, whether air lines or private groups or individuals, could submit briefs and be heard.

It is that statement of the minister with which I take issue. I take issue because I say that the statement is contrary to the provisions of the Aeronautics Act. Section 15, subsection 2, of the act provides:

No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward

by means other than aircraft unless the governor in council is of opinion that it is in the public interest that such licence be issued.

My point is that under this section, while the air transport board can advise the governor in council, the air transport board does not have the right to issue the licence. That prerogative, in the case of a commercial service already operating by means other than aircraft, can only be granted by the governor in council. The minister is saying in effect in his speech that in principle the government is in favour of competition. Under the Aeronautics Act each air line must apply to the air transport board and establish public convenience and necessity as the reason for the granting of a licence. Unfortunately, however, what was overlooked entirely was the provision contained in section 15, subsection 2, that the granting of a licence in the case of an air line such as Trans-Canada Air Lines or Canadian Pacific Airlines must be done by the governor in council.

Therefore what I am saying is that both the air transport board and the minister of transport are prohibited under section 15, subsection 2, from granting a licence to an air carrier controlled by a surface carrier unless the governor in council is of the opinion that such a licence is in the public interest.

The third point I should like to make is that recently the minister tabled in the house sessional paper No. 197, from which I should like to quote. It is a report by Stephen F. Wheatcroft on air line competition in Canada. I wish to refer to this briefly, sir, because I know the position of the minister has altered considerably, first from the time he sat on this side of the house when he was in favour of all-out competition, then from the time he went up to Timmins where he said that the T.C.A. monopoly must cease; to now when he seems to be in favour of gradual competition. I should like to quote the second paragraph of his letter to Mr. Stephen F. Wheatcroft.

Mr. Hees: May I interject for a moment? As far as I am aware, at no time while I was at Timmins did I say that the T.C.A. monopoly must cease. That was the interpretation taken from my speech by those reporting it.

Mr. Chevrier: Since I was not there all I can say is that a moment ago I read accurately the report in the *Gazette* but I, of course, must accept the minister's statement. But be that as it may, the second paragraph of the letter which the minister addressed to Mr. Stephen F. Wheatcroft reads as follows. The letter is dated February 4, 1958, which is a few days before the Timmins speech, and I should like the house to pay particular attention to this paragraph:

I am of the view that the time has come for the introduction of some measure of competition on our transcontinental routes. The rapid growth in air line traffic would seem to indicate that competition can be introduced gradually, without major detrimental effects to existing operations, providing the changes are made with caution and on a gradual basis.

The minister has altered his opinion, not gradually but very radically, from the time he sat on this side to the time he wrote that letter. In the days when he sat on this side of the house he was in favour of all-out competition. The former minister of trade and commerce should cease protecting his sacred cow, he said. Today the position has altered, now that he has government responsibility.

Before I resume my seat may I just be allowed to cite one or two of the sections found in this report, which I must say is an excellent report and which vindicates the position taken by the former minister of trade and commerce with reference to T.C.A. On page 75 of the report it is said:

In the years up to 1961 there does not appear to be any possible change in the conclusion already reached about the routes of competitive traffic potential because aircraft size is likely to increase almost as rapidly as traffic growth.

Then farther down on the next page there is the following:

An examination of the possible effects of competition on T.C.A.'s financial position in the immediate future indicates that, unless it was strictly limited in extent, it would almost certainly lead the company to an over-all deficit. A competitive operation of five services daily in 1959 can be shown to be much too large a capacity increment for the transcontinental routes without causing serious financial difficulties: probably for both airlines.

Then the report goes on to say how embarrassing it may be to T.C.A. if competition were introduced at this time. So the conclusion to which I want to come with reference to the argument I am making concerning T.C.A. is this. There were three positions adopted, as I see them, by the minister. First there was the one of all-out competition when he sat on this side of the house. Next there was the one which I mentioned earlier and which he denied, namely elimination of Trans-Canada Air Lines' long-standing monopoly on domestic transcontinental routes as enunciated in Timmins. Finally there seems to be a third attitude, one of gradual competition as outlined in this report.

I think the house is entitled to know what is going to happen to this report. Is the government going to adopt the recommendations and conclusions of Mr. Wheatcroft as government policy? Is it going to instruct

the air transport board to proceed to hold hearings, notwithstanding the provisions of section 15 (2) which indicate that in this kind of transcontinental operation it is not the air transport board but the governor in council who, in the final analysis, must hear the application and determine upon it.

Mr. Hees: May I answer that question now, Mr. Speaker? The purpose of the Wheatcroft report is to be a guide to the air transport board in the examination of applications made to it. As the hon. member for Laurier has said, and quite rightly, these decisions are decisions of the government made on the recommendations of the air transport board. This is true with respect to a licence of any kind, but as the hon. member knows very well, the decision is the decision of the government and the recommendation comes to it from the air transport board.

Mr. Chevrier: The point I was making was that we had no information to that effect. I think the minister owes it to the house to tell us what is the position. It was for that reason I was putting on the record those three positions that seem to me to be incongruous and to be contradictory. The minister has made a short interjection which gives the house some idea of what his intention is, but I think he should go much further when he has the opportunity later to enter this debate.

I have touched on a good many subjects relating to transportation in Canada and particularly these three government enterprises, the Canadian National Railways, Canadian National Steamships and Trans-Canada Air Lines. I should like now to conclude my remarks by asking the minister when he replies to tell us something about the Pine Point railway. It seems to me the government has maintained a very discreet silence with reference to that railway. The speech from the throne contained a statement to the effect that the railway would be built. Since there are many aspects of the question upon which information ought to be given to the house, I feel that during the discussion of this motion additional information should be provided in connection with the railway to Great Slave lake. In a word, we would like to be brought up to date on what the government and the Canadian National Railways are doing in regard to this important project.

I should have liked to take advantage of this occasion to say something further about the expansion of transportation facilities in Canada, the expansion of the facilities of Canadian National Railways while the government of which I was a member was in office, because I believe that what was done by the former administration with reference to transportation facilities, railway facilities, air facilities, is something that should be put on the record. Unfortunately I have not the time today, nor would I take advantage of the good humour of the house, to do that on this occasion. But I do hope to be able to indicate at some future time the glorious record of the Liberal administration in the field of transportation.

We believe, sir, that upon this motion we should put on record some of the feelings we have with regard to these government-owned enterprises. We believe, too, that this committee should be established in order to give an opportunity to the officers of Canadian National Railways, and of other government-owned enterprises, to submit their accounts and their respective annual reports. That is the purpose of the committee, during the sittings of which examination of the officers of these government enterprises will take place.

So, Mr. Speaker, because we believe not only in the utility of the discussion of this motion but also in the usefulness of the committee, we shall without the slightest hesitation warmly support the adoption of this motion.

Mr. Frank Howard (Skeena): In rising to indicate the thoughts of the C.C.F. in relation to this motion I should like to say at the outset, after listening to the hon. member for Laurier, that I am sure many hon. members could dispense with ghost writers in the preparation of their remarks and merely review past issues of *Hansard*, as he has done in making his remarks concerning this particular motion. We remember the glorious record of the Liberal party, also, when it comes to the operation of Canadian National Railways and Canadian National Steamships.

Especially do the people in Prince Rupert remember the brutal and blunt way in which they allowed that company's shipyard to be removed in bits and pieces from Prince Rupert, thus removing one of the last possible hopes of expansion of the shipbuilding industry in the northern part of British Columbia or in the north coastal region. If that is part of the glorious record of the Liberal party, I would imagine it is one of the parts that he and other members of his party would like to forget.

But in any event there is one matter, Mr. Speaker, or one policy that is being shown here that I think is a most unwise one for the Minister of Transport (Mr. Hees) to follow. I might say he is not alone in using this approach. Along with him are other members of the cabinet, notably the Minister of Public Works (Mr. Green) who a few days ago had somewhat the same approach. But if the

Minister of Transport and his colleagues are going to continue with this policy and are going to persist in taking attitudes now which are at variance with those they took when they were on this side of the house; if they are going to adopt a policy of reversion on everything they had to say and admit how insincere they were—I cannot use the word "dishonest"—or to admit that they did not mean precisely what they were saying when they sat in opposition, then they are doing relatively little except lowering the stature of government in the eyes of the people of Canada and placing in a little bit lower position the opinions that people have of members of the House of Commons or of cabinet ministers.

Mr. Hees: Mr. Speaker, may I interject here, inasmuch as the hon. member has inferred—

Mr. Speaker: Is the minister rising on a point of order?

Mr. Hees: It is a question of privilege. The hon. member has inferred that while the Conservative party was in opposition we were—

Mr. Pickersgill: Surely, Mr. Speaker, this is no question of privilege.

Mr. Hees: Yes, Mr. Speaker; it is a question of privilege. The hon. member has inferred that we were not sincere in what we said. We meant the things we said when we were in opposition.

Mr. Pickersgill: Order.

Mr. Hees: We meant what we said when we were in opposition. If two or three years later, because of changing events, we have changed our opinion to some extent, that does not mean that we were not sincere at the time.

Mr. Speaker: I take it that the minister was complaining of the use of the word "insincere" as a matter of privilege.

Mr. Hees: Yes; and the word "dishonest".

Mr. Pickersgill: The hon. member did not say "dishonest".

Mr. Speaker: The minister will recall that while the hon. member for Skeena (Mr. Howard) hinted that he would like to use that word, he deliberately refrained from doing so.

Mr. Pickersgill: He said he would not use it.

An hon. Member: He did use it.

Mr. Howard: This attitude is becoming all too prevalent. Certainly, as the Minister of Transport just said, it is perfectly all right to take a second look; it is perfectly legitimate to change your opinion on some subject matters. It might be all right for the Minister of Transport personally, in this particular case, to say that there was some justification for changing his mind. The point I am getting at is that that is the general attitude of the government itself. This is just another phase of it.

Mr. Speaker: I should like to remind the hon. member that we are not debating the general attitude of the government. We are debating a motion to establish a committee dealing with transportation.

Mr. Howard: Yes, I quite appreciate that fact, Mr. Speaker. I only expanded on that approach because of the question of privilege raised by the minister and said that he is part and parcel of this change of attitude. I think that is something that has to do with the establishment of this committee in view of the discussion entered upon by the hon. member for Laurier (Mr. Chevrier) which was rather broad and rather general, and which dealt with a number of these subject matters. I mentioned the matter in that light. I did not wish to expand on it, except in so far as it was occasioned by the interjection of the Minister of Transport. However, I will cease dealing with that phase of the matter and merely say that there are one or two most important questions which must be considered by this committee and one or two most important attitudes of the Canadian National Railways which must be reviewed closely. I hope the Minister of Transport has not changed his mind on this particular phase of it or changed his opinion from that which he had when he sat over here in the opposition. I am referring to the apparently ruthless or callous disregard of the employees of the Canadian National Railways when it comes to lay-offs.

Some hon. Members: Oh, oh.

Mr. Lennard: The same old chestnut.

Mr. Howard: Mr. Speaker, some hon. members are making interjections. I do not mind interjections but I wish they would make them loudly enough so that I can hear them or make them in a formal way.

Mr. Lennard: The same old chestnut.

Mr. Howard: This attitude of the Canadian National Railways must be looked at closely and people must not just be turned out on the streets merely because that procedure appears to be the policy or the thing to do at that particular moment. In addition to that—and this is something closer to home—the Canadian National have a steamboat on the Pacific coast.

An hon. Member: Not a steamboat.

Mr. Howard: It does not operate under steam, no. They have a ship. It operates up and down that coast no more than three or four months out of the year. For the balance of the time, Mr. Speaker, it stands in mothballs accumulating deficits or losing money or whichever way the Canadian National want to classify it. This approach of the Canadian National—whether it is influenced by this policy of the government or whether it was influenced by the policy of the last government is something that I do not know—or this attitude of the Canadian National in not making available the full facilities that it should make available from the shipping point of view to the coast of British Columbia has resulted, first, in this particular boat piling up losses or piling up deficits; and, second, completely insufficient shipping facilities on the coast of British Columbia. I hope that the committee, in dealing with these things, will have some influence upon the Canadian National so that they will expand their shipping facilities on the coast of British Columbia so as to be able to embrace the entire passenger-freight shipping facilities on the coast and will bring some sense and some equitability to the situation which exists.

I have one other comment to make about Trans-Canada Air Lines. I mentioned this matter on another occasion in another place and I asked a question about it in this house on one occasion also. This comment also coincides with an attitude that the Minister of Transport used to have when he sat over here on the opposition side and which I think he still has. He is smiling, but I am sure he still has the same opinions. However, they may have been tempered somewhat by the responsibility of the office that he holds. Sitting in this house, Mr. Speaker, are many members who, with respect to availability to their homes, are not quite on the same level as are many other members. Those of us from the west coast, the mid-west and from the Atlantic coast are in somewhat an equal position when it comes to being able to keep in touch with the constituency, to return and visit regularly our families and friends, and to keep an eye on things generally. The proposal made by the minister when he was on this side of the house—and which I say he has certainly not abandoned—was that some provision should be made to balance the scale between the members from Ontario and Quebec particularly and the members from the extremities of the nation. This should especially be done inasmuch as we are progressing more and more into an air age when flying is becoming the predominant way of getting from one place to another. Some arrangement should be made in order that members from extreme points in the nation should be able, on a paid fare basis or some other basis, to get home at some time during the session.

I have no set ideas as to the application of this general proposal. Many suggestions have been made, one of which was that such an arrangement should apply outside of a certain radius from Ottawa and 500 miles and 1,000 miles have been mentioned as possible limits. I do not think that this is of too much concern to most hon. members. Another suggestion was made that it should apply in the same way as trip passes apply to employees of Trans-Canada Air Lines and that hon. members might be able to use that pass to fly on aircraft only when space is available and when no paying passengers are available to utilize space. I think that would be a generally acceptable and agreeable idea to hon. members who would like to participate in such a scheme.

It was also suggested that a direct payment by the treasury for transportation be made to Trans-Canada Air Lines once or twice during the year or during the session. As I say, I am sure most hon. members are not married to one thought, but we are certainly partial to the idea of being placed more on a par with our T to T members. I do not suggest that we should leave here via T.C.A. on Thursday night and come back on Tuesday morning every week, but I do feel that an arrangement should be made so that at some time during each session—every other month or something of that nature—we might be able to get home, see our families and friends and so on. Once one gets home, of course, it means that there will be problems to face with respect to one's constituents but these are most welcome and it would be an opportunity to keep in personal contact with constituents and in touch with matters concerning them.

I am not a member of this committee, but I hope that the committee members will deal with this matter at considerable length and will discuss proposals with officials of Trans-Canada Air Lines and with the minister in order to get the attitude of T.C.A. to the whole problem, to assess the question of costs and to assess the question of how many aircraft fly without a full pay load. As the minister knows, I have discussed this matter with him as a member of another committee. I trust the whole matter may be thoroughly canvassed so that we may be able to proceed with a view to allowing passes for trips to members from the eastern and western extremities of our country.

Mr. D. M. Fisher (Port Arthur): I wish to make a few succinct remarks on the point

raised by the hon. member for Skeena (Mr. Howard) in relation to passes on Trans-Canada Air Lines and I address my remarks to this house as someone coming from the central part of our country and who, therefore, would not be affected by this matter. I would like to register my support for the members from distant parts of Canada.

I had great hopes of a solution to this problem, bearing in mind the comments of the minister. I had expected that when he came back to this house with a real majority he would be able to do something about the matter right away. Perhaps there is a hesitation on the part of the new government as a result of a too great majority in that it may be felt that since mainly Conservative members would be benefiting from such an arrangement this would arouse too much criticism. I know that this matter has been discussed in the Conservative caucus and for the first time since I came to Ottawa I tried to snoop a little bit on what went on in caucus with regard to this particular matter. I might say I was not very successful in discovering anything in this regard, and all I have noticed is the looks of chagrin on the faces of some western members, especially those from Vancouver. This has indicated to me that they are not making much progress on this point in the Conservative caucus.

As an Ontario member and as one who has been present in this house on Fridays and on Mondays I would like to say that I feel our western members and our members from the east are carrying the load, in a sense, in this House of Commons. Members from Ontario and Quebec are located within handy reach of their homes and are sometimes even able to carry on and develop two occupations, namely being members of parliament while they are also interested in some other line of endeavour. I know the press will probably take off to a certain extent and will say, if we go after this hon. members of parliament are grabbing another prerogative, but I think this is one prerogative we ought to go after, in the name of equity if for no other reason. In this way our western and eastern members will be on an equitable basis with other members in this house.

If it is going to be too expensive to set up an arrangement whereby members will receive passes as they do on railways, and this certainly seems to be logical, then some other intermediate measure as a compromise might be implemented. I certainly feel it is time for this matter to be brought before a committee and thoroughly explored.

Before sitting down I would like to say I am pleased that the minister was brave enough to stand up and admit that he is not completely consistent right down the line. I believe that in our political life of past years we have treasured consistency a little too much and I would like to compliment the minister for having the courage to say that he has altered his approach in this respect.

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I would like to concur in the remarks of the last two speakers. I think we should accept the proposal which I understand was made some time ago that space should be made available to members of parliament when no paying passengers require space.

Hon. George H. Hees (Minister of Transport): I wish to thank hon. members who have spoken in this debate for the views they have put forward and to assure them that I have taken careful note of their suggestions, which will be taken seriously.

The hon. member for Laurier (Mr. Chevrier) asked for some information regarding the progress which this government is making with the railways in reference to the railway to Pine Point. I am afraid I have no information for him because this matter is under very active study by the railways and by the government at the present time.

As soon as I have further information on the matter I will be very glad to give it to the house.

Mr. Martin (Essex East): Is the minister not going to deal with the very important questions referred to by the hon. member for Laurier (Mr. Chevrier) with respect to lay-offs by T.C.A., etc? Surely, after the speech made by the hon. member one would expect the minister to give some elucidation to the house.

Mr. Hees: Mr. Speaker, I tried to deal with the questions relating to T.C.A. two or three times while the hon. member for Laurier was speaking, and I do not think they require to be dealt with further at this time.

Mr. Chevrier: The minister did not deal very effectively with them.

Mr. Hees: Perhaps I did not deal with them effectively.

Mr. Martin (Essex East): Or at all.

Mr. Pickersgill: Silence is golden.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF ANNUAL REPORTS, BUDGETS AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. George H. Hees (Minister of Transport) moved:

That the annual reports from 1957 of the Canadian National Railways; Canadian National (West Indies)

Steamships Limited; Canadian National Railways securities trust; auditors' report to parliament in respect of the Canadian National Railways and Canadian National (West Indies) Steamships for the year 1957, tabled on May 22, 1958; the budget for 1958 of the Canadian National Railways tabled on June 2, 1958; the annual report of Trans-Canada Air Lines for 1957; the auditors' report to parliament on Trans-Canada Air Lines for the year 1957, tabled on May 23, 1958, and the budget for 1958 of Trans-Canada Air Lines, tabled on January 31, 1958, be referred to the sessional committee on railways, air lines and shipping owned or controlled by the government, and that items Nos. 431—Prince Edward Island car ferry and terminals; 432—Newfoundland ferry and terminals; 442—Maritime Freight Rates Act; 443—Canadian National (West Indies) Steamships, as listed in the main estimates 1958-59, and item 635—Canadian National (West Indies) Steamships Limited, as listed in the supplementary estimates 1958-59, be withdrawn from the committee of supply and referred to the said committee, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

RETURNED SOLDIERS' INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Returned Soldiers' Insurance Act so as to increase the amount of insurance that may be paid to the beneficiary as an annuity in certain cases and to remove restrictions in payment of insurance in the case of pensioners.

Mr. Chevrier: Would the minister care to give us an explanation of this motion?

Mr. Brooks: Mr. Speaker, this resolution is preliminary to amendments to be made to the Returned Soldiers' Insurance Act. It is important, but I do not think it is very controversial. I do not think there are any objections from any source as far as the proposed resolution is concerned and I do not think it is controversial.

As a matter of fact, on a number of occasions in the committee on veterans affairs it has been recommended that certain amendments should be made to the Returned Soldiers' Insurance Act, and these recommendations have come from hon. members in all sections of the house. I should like to make a short explanation regarding the resolution. It is not usual at this stage to give details of proposed legislation, but I am sure that hon. members will wish me to review the provisions in general terms, if only briefly.

Perhaps I should explain first that this act made life insurance available to veterans of world war I and their widows who, because of disability, might not have been able to obtain insurance commercially or, at best, might have had to pay an increased premium. The medical standards required by this act were very low. As a consequence, many seriously disabled returned soldiers obtained this insurance. It is of interest to note that in addition many others whose health was good applied for and were issued contracts.

The act was passed in 1920. The time limit for applications expired in 1923, but the act was reopened in 1928 and finally closed for the issue of new policies in 1933. The most important provision contained in the bill amending the Returned Soldiers' Insurance Act is one which would repeal section 10 of the act which requires a deduction in the amount of insurance payable, and the return of premiums and interest thereon in lieu of the deduction, in the event that a pension under the Pension Act is awarded on the insured's death. This amendment would have the result of eliminating any future deductions and thus no policies would, on this account, be paid for less than the face amount.

The bill also proposes that the minister may, in his discretion, increase the lump sum payment of insurance money up to $1,000 above the present lump sum maximum of $2,000. His discretion is at present limited to amounts under $500. This will avoid the necessity of the payment of a comparatively small balance in the form of an annuity. Thus, a policy for $2,500 payable to a widow would at present require the payment of $500 in the form of an annuity. The usefulness of this payment and the administrative effort involved suggest that it is wise to modify this provision.

The remainder of the amendments are of an administrative nature involving the change of the expression "alternative beneficiary" to "contingent beneficiary". The latter expression is used in the Veterans Insurance Act and refers to similar classes of secondary beneficiaries. Administration would thus be simplified and the amendment would remove some uncertainty in the minds of policy holders as to whether the word "alternative" has the ordinary or a special meaning.

I do not think any further explanation is necessary.

Mr. Speaker: I think we ought to be in committee on this matter. The question was that I should leave the chair in order that this question should be dealt with. The discussion can proceed in committee.

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

Mr. Chevrier: Mr. Chairman, I have listened with interest to the very comprehensive statement made by the hon. minister and I agree

that this is not a contentious matter and that it is one which, I am sure, can be dealt with more expeditiously and more adequately by the committee. I presume it is the minister's intention, after the discussion has been completed here, to refer this matter to the committee on veterans affairs on which we have some members, and with this brief statement I am prepared to content myself.

Mr. Herridge: I just arrived in time to have the delightful experience of finding the minister out of order for the first time in this house.

Mr. Brooks: Not seriously, I hope.

Mr. Herridge: Not seriously, but I enjoy these experiences.

I listened with interest to his explanation of the two, as I understand it, major amendments that will be to the advantage of the veterans. I understand that in the past some representations along these lines have been made. I am glad to see the minister introducing these two amendments.

As I understand it, the remainder of the amendments are purely to improve the administration of the act. Like the former speaker, I think this matter could be readily referred to the standing committee on veterans affairs, with little debate at this stage, where we shall have an opportunity to go into the details to much better advantage than in these circumstances.

Mr. Brooks: I thank the hon. member for Laurier and the hon. member for Kootenay West for their consideration. It was our intention to ask that the bill be sent to the veterans affairs committee of which committee the hon. member for Kootenay West is a splendid member, where I am sure it will receive very careful attention.

Resolution reported and concurred in.

Mr. Brooks thereupon moved for leave to introduce Bill No. C-33, to amend the Returned Soldiers' Insurance Act.

Motion agreed to and bill read the first time.

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

Mr. Brooks: May I ask the unanimous consent of the house to have it read the second time now? I would like very much to see the bill go before the committee as soon as possible. The committee is set up.

Mr. Chevrier: By leave.

Mr. Speaker: The house has agreed to permit this bill to be read the second time now by unanimous consent.

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, I move, by leave, the second reading of Bill No. C-33, to amend the Returned Soldiers' Insurance Act.

Motion agreed to, bill read the second time and referred to the standing committee on veterans affairs.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Veterans Insurance Act so as to increase the amount of insurance that may be paid to a beneficiary as an annuity in certain cases; to remove restrictions in payment of insurance in the case of pensioners and to extend the time limit for applications for insurance.

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

Mr. Chevrier: Will the minister make a statement.

Mr. Brooks: Mr. Chairman, the amendments that we are asking for to the Veterans Insurance Act are quite similar to those that we are asking for in the Returned Soldiers' Insurance Act. As a matter of fact, the Returned Soldiers' Insurance Act was an insurance act which granted insurance to veterans of the first world war. The Veterans Insurance Act is the insurance act which provided insurance for veterans of the second world war, for Korean veterans and others. As I stated in connection with the returned soldiers insurance bill, I am sure that hon. members will wish an explanation in general terms of the provisions of this bill.

The Veterans Insurance Act for veterans of world war II and their widows was passed in 1944. The first policies were issued on April 1, 1945. Initially, the period of eligibility to contract for this insurance was three years. It was subsequently extended to six years and eventually to December 31, 1954, or 10 years after discharge, whichever is the later. As with returned soldiers insurance, medical requirements are slight, thus enabling life insurance to be obtained which might not be available commercially except perhaps at a greatly increased rate of premium. Many persons with disabilities took advantage of this opportunity and, as before, many in good health also applied for and

received contracts. This insurance subsequently became available to those who had served in the Korean theatre of operations and to their widows.

This bill proposes to extend the time limit to September 30, 1962, for Korea veterans whose eligibility now expires on October 31 of this year, and also proposes the same date, September 30, 1962, as the end of the period during which world war II veterans who have continued to serve in the regular forces may apply.

An amendment similar to that under the Returned Soldiers' Insurance Act proposes to repeal section 10 of the act which requires a deduction to be made from the face value of a policy in the event that a pension under the Pension Act is awarded on the insured's death, thus eliminating any future deductions.

Another proposed amendment seeks, for this act also, to avoid the necessity for comparatively small annuity payments by allowing the minister, in his discretion, to permit payment in a lump sum up to $1,000 in addition to the maximum of $2,000 which the insured may designate under the present provisions of the act.

Mr. Chevrier: Mr. Chairman, the remarks I made on the earlier resolution apply to this one with equal force. Since it is a resolution which is not contentious in its nature we feel again that it should be referred to the committee on veterans affairs.

Mr. Herridge: Mr. Chairman, like the previous speaker, may I say that my previous remarks apply in general to this bill because the bills are very similar in nature but I have one or two supplementary remarks. First of all, I am glad to see the minister introducing these two bills at this time. We are glad to know that the amendments or the benefits are being equally applied to both pieces of legislation, the Returned Soldiers' Insurance Act and the Veterans Insurance Act, and will apply equally, generally speaking, to veterans of the first world war, the second world war and the Korean war. I think that by establishing that principle in veterans insurance legislation we are going to improve the general understanding on the part of veterans and their dependants of the legislation because both cases are becoming very similar. At the same time it will remove the grounds for dissatisfaction which I think could easily arise if these benefits were given in one case and not also given in the other.

Resolution reported and concurred in.

[Mr. Brooks.]

Mr. Brooks thereupon moved for leave to introduce Bill No. C-34, to amend the Veterans Insurance Act.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time; by leave of the house, now?

Hon. A. J. Brooks (Minister of Veterans Affairs): I move that the bill be now read the second time.

Mr. Speaker: Is the house agreeable to the second reading?

Mr. Chevrier: By leave.

Motion agreed to, bill read the second time, by leave, and referred to the standing committee on veterans affairs.

YUKON ACT

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

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Yukon Act to broaden the purposes for which the commissioner of the Yukon territory may borrow or lend money; to authorize the appointment of deputy police magistrates and provide for them remuneration and allowances; to make it clear that the governor in council may appoint judicial as well as administrative officers; and to provide further for certain changes in connection with the administration of the act.

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

Mr. Chevrier: Will the minister make a statement on this resolution?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, these amendments to the Yukon Act are somewhat similar to the amendments to the Northwest Territories Act passed by the house in the last parliament. At that time I promised the house that I would bring forward these amendments to the Yukon Act which have been in abeyance for two or three years in the department. I think the house will recognize that our responsibilities with regard to the Yukon and the Northwest Territories take us into the field of provincial and municipal government. These amendments are in the main routine and technical but I think any person who understands the transitional growth that is going on in the territories will recognize in these amendments forward steps in the administration and growth of our new parts of Canada towards provincial status.

There are five amendments in the bill to be introduced. The first four deal with administration. The first of the four extends the power of borrowing and lending money to the territorial government under the control of the governor in council. The second amendment provides for the appointment of deputy police magistrates in a similar fashion to the amendment to the Northwest Territories Act last year. The third amendment provides for the appointment of judicial officers who in this particular instance happen to be small debt officers. The fourth amendment is with regard to the importation of liquor into the territories. At the present time it can be imported only under licence from the commissioner. This amendment broadens the power in order to give the commissioner power to delegate someone else to give permission to import liquor into the territory where they have no provincial or territorial liquor board and therefore must import it from the neighbouring provinces.

The fifth amendment is not an administrative amendment. It is simply a boundary definition. At the time of setting up the Yukon boundary the territory was described in general terms which were neither precise nor satisfactory in the light of the survey definition that we require today. Therefore the fifth amendment is simply a precise survey description from detailed markers to indicate precisely the boundaries of the Yukon territory. With this explanation of the resolution I think I have given sufficient reasons to indicate the national interest in making these amendments at this time.

Mr. Nielsen: Mr. Chairman, I have just a few brief remarks on the resolution brought forward by the minister and in support of it. I feel that it will do a lot towards achieving provincial status and autonomy eventually for the Yukon in much the same fashion as our good neighbour to the north, Alaska, has very recently achieved statehood.

The amendment concerning the borrowing and lending of money will enable all municipalities in the Yukon to enter more widely into the field of municipal improvements such as low rental housing, paving, new road construction, hospital services and the like. Those services have perhaps been progressing a little slowly in the more outlying communities in the Yukon because of lack of funds. This amendment will allow the municipalities concerned through the territorial government, to borrow the funds necessary to accomplish such projects.

The amendment respecting the appointment of deputy police magistrates is a welcome step forward. The Yukon territory has one police magistrate whose jurisdiction covers over 203,000 square miles. Inasmuch as it is the government's intention, I am sure, to provide a first-class system for the administration of justice, I am sure all members will agree that we cannot allow that system to be thwarted or frustrated by distance or by terrain. The magistrate at Whitehorse is a very busy man and I am sure that the amendment will alleviate a good deal of the load he now has to carry. I do not mean to convey by these remarks that the Yukon is lawless but I wish to assure hon. members that the court is very busy. At the moment the magistrate has civil jurisdiction as well and, of course, he cannot be everywhere at once.

The amendment with regard to small debt officials is, of course, a very welcome step forward as is the boundary amendment which finally and in technical form delineates the boundary of the Yukon territory.

Finally, the amendment regarding the transportation of liquor into the Yukon comes as a very welcome step forward inasmuch as heretofore it was impossible, if the commissioner was away, to keep stocks on hand, as it were. I see in the amendments, especially the one concerning extension of the powers of the commissioner to borrow and lend money, a very firm and long step forward to Yukon finally achieving provincial status.

Mr. Pickersgill: Mr. Chairman, I wonder if I could put one question to the minister. I must apologize to him. I admit at once that the question is not strictly relevant and if he is not in a position to answer it I do not intend to press it. He mentioned the power to import liquor. I wondered what the Yukon territory had done about the provisions in the most recent amendment to the Indian Act with respect to giving equal rights to the Indians to purchase liquor.

Mr. Hamilton (Qu'Appelle): The hon. member for Bonavista-Twillingate is aware, of course, that it is not strictly relevant but it has relevancy in that it does bear on our responsibilities in the territories. An order in council was passed by the federal government approving the territorial ordinance with regard to the right of Indians to drink in licensed premises in the Northwest Territories. That has gone through and I believe it already exists in the Yukon, if my memory serves me correctly. I think the hon. member for the Yukon would know more about the details of that.

Mr. Nielsen: If I may comment on that, Mr. Chairman, the Indian citizen in the Yukon has the right to purchase and consume beer on the premises. However, an Indian, that is one with Indian status, has not the right to purchase liquor at all or to be in possession

of liquor. If the hon. member for Bonavista-Twillingate was thinking of liquor, then that comes within the jurisdiction of the territorial council which is, of course, fully responsible in so far as legislation concerning the consumption of liquor is concerned.

Mr. Pickersgill: I think perhaps the hon. gentleman has answered my question, but I believe on the point of law he is not quite right. The most recent amendment to the Indian Act, with which I have a certain familiarity, does leave certain responsibilities with the federal government as well. However, he has answered my question and I have no desire to pursue the matter further.

Resolution reported and concurred in.

Mr. Hamilton (Qu'Appelle) thereupon moved for leave to introduce Bill No. C-35, to amend the Yukon Act.

Motion agreed to and bill read the first time.

NATIONAL PARKS

CAPE BRETON—PROVISION FOR WITHDRAWAL OF CERTAIN LANDS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the withdrawal of certain lands from Cape Breton Highlands national park.

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

Mr. Chevrier: Will the minister make a statement?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the amendment to the National Parks Act affecting the boundaries of Cape Breton Highlands national park is one that has a considerable story to it, which I shall run through in my statement on the resolution and then leave the debate on the details until second reading.

The purpose of changing the boundaries of Cape Breton national park is to provide for the Wreck Cove power development project in Nova Scotia. The National Parks Act does not allow for the exploitation of resources within a park boundary. Specifically, it does not allow for the use of water in a park for hydro purposes. However, if it can be shown that it is in the national interest to exploit a resource in a park, then the affected area must be taken out of the park. This is the purpose of the amending bill.

A request came from the Nova Scotia power commission to the federal government in

November of 1956, and a joint federal-provincial body was set up to look into the question of power in this area, to make a survey and come to some mutual understanding. This report has been submitted to both governments and the recommendation is that ten square miles approximately be removed from the park to provide the necessary additional horsepower for the development of this plant. This area is in the south-central portion of the park.

It is a matter of interest that the last occasion when the parks department had to withdraw land from a national park was some three years ago, and it concerned the same park. At that time they took out thirteen square miles. It is a matter of regret, therefore, I am sure to all Canadians that it is found necessary in the national interest to remove these lands from our national park for hydro development. It is true that the lands in this particular area of the park are not as valuable, from a scenic point of view, as lands in other parts of the park. However, it is necessary, if we are to effectively provide for hydro development in Nova Scotia, to provide all the hydro we can for peaking purposes, and to increase the capacity of the Wreck Cove plant in proportion to the moneys spent.

On these grounds, therefore, that it is in the national interest, although with much regret, we introduce this amendment to take out these ten square miles. The federal government did, with the full co-operation of the provincial government of Nova Scotia, make an attempt to get an equal or greater area in some other portion of the Cape Breton highlands. We did look at an area to the northwest of the park but the scenery there was of a similar type and the situation was complicated by the fact there were a number of fishing villages there which would produce innumerable complexities in the administration of the national park. So, reluctantly, we had to turn down that particular proposal. What we did, however, was to make an agreement with the Nova Scotia government that they would give us land near the Champlain habitation, which has long been wanted by the national historic sites division of my department. In recompense for these ten square miles we have received from Nova Scotia a very valuable bit of property.

I should add that the provincial government showed complete sympathy with our dilemma in this particular case. I can assure the house that if anything worth while does come up in the future by means of which we could recoup our loss of territory in Cape Breton, I am sure we would have the full co-operation of the Nova Scotia government. It is not

possible, Mr. Chairman, to discuss these matters in detail because the bill is not before hon. members, nor can I indicate to them on a map what we have done. I would suggest, therefore, that this is all I need say at this stage.

Mr. Robichaud: It is not my intention at this stage to make a long statement which might delay the passage of this resolution. We of the official opposition have no idea whatever of opposing its passage. As the minister has explained, it is in the national interest to exploit this area and to remove these ten square miles from the Cape Breton national park in order to further hydro development in Nova Scotia.

The minister has mentioned that consideration was given to the replacement of this area by ground adjacent to the park, but there were complications because of fishing villages that were established in the area. I would suggest that it might have been a new venture for the department to have fishing villages in a national park as a special attraction to the tourists and the public in general. As fishing is one of our basic industries, it may have been worth while to give further consideration to the possibility of taking this new area as part of Cape Breton Highlands national park. However, again I wish to emphasize that we of the official opposition have no objection whatsoever to the present resolution.

Mr. Pickersgill: I should like to say just one word of congratulation to the minister for having acquired the Champlain Habitation. I am sure that some people all over the country will appreciate it as another addition to our national heritage.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, it is not my intention at this time to say very much on this resolution. However, the few remarks I should like to put before the house are to the effect that while we understand that this is a development policy being put forward by the provincial government, I hope—while it is not my purpose to refer to what goes on in another legislature in the country—that the provincial government will move with great caution, because of the serious situation of the coal industry today, with regard to the developing of hydro power in this area.

I should like to make mention of the fact that I feel badly that we are losing part of the park, even although it is only ten miles and is an area which is quite a bit inland and which very few tourists or residents see or rarely have an opportunity to get into.

But I did not quite get all of the minister's remarks with regard to the proposed extension. In view of the fact that we already have fishing villages adjacent or somewhat close to the park I cannot see why the department and the minister would not take a careful, cautious and interested look at the idea of expanding the boundaries of the Cape Breton Highlands national park to the extent that it would continue further to the northern tip of Cape Breton Island, where it now cuts off at the entrance to the South Harbour road in the vicinity of Effie's Brook. The boundaries could continue on up along the coast, up through Cape North, Sugarloaf, Bay St. Lawrence and Capstick in Victoria county and continue on into Inverness county which is all very picturesque country. I daresay it is much more beautiful than many other parts of the park. I should like to request that the minister and his department give every consideration to this suggestion. In fact, I would ask for a complete survey at the earliest possible convenience, with the idea in mind of extending the boundaries of the park rather than reducing them. That will be the extent of my remarks at the moment, Mr. Chairman.

Resolution reported and concurred in.

Mr. Hamilton (Qu'Appelle) thereupon moved for leave to introduce Bill No. C-36, to amend the National Parks Act respecting the boundaries of Cape Breton Highlands national park.

Motion agreed to and bill read the first time.

LAKE OF THE WOODS CONTROL BOARD

AMENDMENT ALTERING CONSTITUTION OF MEMBERSHIP

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. C-25, to amend the Lake of the Woods Control Board Act, 1921.

He said: Mr. Speaker, in introducing the resolution on the Lake of the Woods Control Board Act I mentioned to the house that most of the amendments deal with the composition of the board; how in the past there had been two members from Ontario and two from the federal government and how the new bill would provide for two from Ontario, one from the federal government and one from Manitoba; and how this dealt with power in the Lake of the Woods area in Ontario. My statement on second reading will be in greater detail and will deal with some of the historical aspects of this development. I shall have to be extremely precise in my statements because this deals with the affairs of two other governments besides the federal government.

Mr. Speaker, it is the intention of the government to introduce at this time amendments to the Lake of the Woods Control

Board Act, 1921. These amendments are to provide authority for the control of waters diverted from lake St. Joseph in the Albany river system to lac Seul in the English river system by the Lake of the Woods control board which was established by the act of 1921, and also to provide for representation from the province of Manitoba on that board.

In view of the fact that the Lake of the Woods control board has been functioning in an administrative capacity for over 30 years, I will outline only briefly the circumstances which led to the original formation of the board and point out the additional responsibilities which have been vested in the board in the intervening years. This background material, I believe, may assist the members in grasping the salient features of one of the latest developments in regard to the supply of energy in this area and also give a broader understanding of the factors which necessitate amendments to the existing legislation.

The Lake of the Woods Control Board Act, 1921 established the Lake of the Woods control board to regulate the storage in and outflow from the Lake of the Woods. At that time the natural resources of Manitoba were administered by the government of Canada which also had an interest in the navigation and international aspects of the Lake of the Woods storage. The board, as established, consisted of two members for Canada and two members for Ontario. In 1930 administration of the natural resources of Manitoba was transferred to the government of that province, but the significance to Canada of the international and navigational features of this storage has continued and will do so in the foreseeable future.

The international feature continues to be of primary importance to the government of Canada, which has obligations under the Lake of the Woods treaty of 1925 for regulation of Lake of the Woods levels within carefully defined limits. The navigational feature has become secondary in importance as navigation on the lake is limited to tugs and other relatively small commercial and pleasure craft. The storage in the Lake of the Woods has continued to increase in importance to the province of Manitoba which has developed for power production almost the entire reach of the Winnipeg river in Manitoba downstream from the Lake of the Woods.

In 1928 the responsibility for regulation of storage in and outflow from lac Seul on the English river was assigned to this board by provincial and federal concurrent legislation, namely the Lac Seul Conservation Act, 1928.

In 1957 the Hydro-Electric Power Commission of Ontario constructed works to divert water from lake St. Joseph in the upper Albany river basin to lac Seul through the Root river. In order that the board might continue to regulate effectively the storage in and the outflow from lac Seul it is necessary that the act be amended to give the board authority to regulate the operation of the lake St. Joseph diversion works when the level of lac Seul rises above certain fixed elevations during particular months of the year.

Storage from the Lake of the Woods and lac Seul provides the water essential to the development of hydroelectric power on the Winnipeg and English rivers in northwestern Ontario and on the Winnipeg river in southeastern Manitoba. This river system supplies a very substantial portion of the hydroelectric power required by this area for the extensive mineral and timber industries in Ontario and the bulk of the industries and population of Manitoba, particularly the city of Winnipeg and vicinity. The additional water made available by diversion from lake St. Joseph is of substantial value both to Ontario and to Manitoba by the provision of greater amounts of hydroelectric power.

Ontario and Manitoba have agreed upon the division of power generated from the diverted waters and have interconnected their transmission networks for most effective operation. This changing pattern of storage makes it most desirable that Manitoba have official representation on the Lake of the Woods control board which necessitates the amendment of section 2 of the act to alter the board membership by the replacement of one of the two representatives for Canada and by one representative for Manitoba, with Ontario continuing to have two representatives.

The location of all of the reservoirs in Ontario makes this proportioned membership most appropriate. The amendment required to Section 3 (b) of this act now new subsection (c) will give the board authority over the lake St. Joseph diversion works so that if lac Seul is above certain fixed elevations during particular months of the year it will permit the board to regulate the storage in and outflow from lac Seul in the best interests of both provinces.

Other amendments required in the act cover minor changes caused by the amendment to Section 2.

I have been very precise in my statement of the historical background of this amendment to the Lake of the Woods Control Board Act. I would like, if I may, to make the house aware of the significance of what has happened between the two provinces, Manitoba and Ontario. Here we have the

very pleasant circumstances of two provinces, with rivers originating in one province and flowing into the other province, getting together, pooling their resources and working out a mutual deal which gives a great advantage to both provinces. I think this sets a precedent for other provinces and, if necessary, to states of the union, whereby provinces and countries enjoying the waters of the same river basin, by pooling their efforts, can achieve a fair division and a much greater return by their co-operation than they could by working separately.

To those who are not familiar with this area—and I except the hon. member for Kenora-Rainy River (Mr. Benidickson)—

Mr. Pickersgill: And also for Bonavista-Twillingate.

Mr. Hamilton (Qu'Appelle): —the situation is somewhat as follows: The Lake of the Woods is, I believe, the tenth largest fresh water lake in the world. Rainy river and other short rivers flow into this Lake of the Woods and the water moves northward along the western boundary of Ontario and goes into the Winnipeg river which, in turn, is joined downstream by the English river. The English river derives its waters to some extent from Eagle lake, but mostly from the lac Seul system and, in 1928, when they added the lac Seul system to the Lake of the Woods, they pooled the two basins under the one control authority, which meant that this control board had jurisdiction over the levels of water for the areas not only of the Lake of the Woods but also of the lac Seul basin, which waters flow into the same river as the waters of Lake of the Woods, and its tributary, namely the Winnipeg river.

If the maximum power is to be achieved by spreading the flow of this storage over the year there must be very careful control and synchronization of the flow of waters out of these river basins. This has worked for over 30 years in so far as the Lake of the Woods is concerned and for 20 years in so far as lac Seul and the Lake of the Woods are concerned. An historic occasion has now occurred in that they have gone into a new river basin, one which flows into the Hudson bay and, by putting in a diversion or a dam, they have been able to direct the water of the Albany river system back into the lac Seul system and from there into the English river and into the Winnipeg river, thereby creating tremendously increased storage. This has given to the provinces of Ontario and Manitoba increased power at much lower cost than would have been provided by working alone.

I may say in pointing out the significance of this diversion that if the water levels at lac Seul are high and they did not need the water in the lake St. Joseph region, they could let the water flow back down through the Albany river. The result of all this planning on the parts of the governments of Ontario and Manitoba has made it possible, as I said before, not only for larger amounts of power to be available but for the provision of cheaper power and much firmer power over the whole year.

It has, of course, brought the federal government into the picture because, if you bring in water from other drainage basins in an area such as lake Winnipeg which is already draining the Lake of the Woods and lac Seul, then you add to the water supply of lake Winnipeg and regions below. Naturally the interests of the people of the lake Winnipeg area and those areas below it must be protected. There is the question of flood damage control as well as the question of power, which must be considered, and the technique of protecting these people downstream is covered by holding back the river and the lakes and the storage basins higher up. This is where the interest of the federal government comes in.

The boundary between the United States of America and Canada runs along the Rainy river and cuts off the southwestern corner of the Lake of the Woods, the lowlying lands on the south shores of the Lake of the Woods and, likewise in the United States, the banks of the Rainy river. Therefore, if the level of the water in the Lake of the Woods were to go high enough, under our convention with the United States of America dated 1925 and under the over-all jurisdiction of the international joint commission and the administration by the international board of control this control of the area is taken from the Lake of the Woods control board, which is made up of Canadians, and shifted over to an international board. That is the means whereby our international responsibilities are carried out under this act and I mention this to the house to make absolutely certain that everyone understands that we are fulfilling our international obligations by means of this control.

The bill has been in the hands of hon. members for some time and by reading through these amendments they will be able to judge the importance of them in dealing with the aspect of the changing composition of the board. Most of these changes relate to the lieutenant governor of Manitoba and the only significant change is the one in the third amendment where a new subsection is added.

Mr. Benidickson: That is 3 (c).

Mr. Hamilton (Qu'Appelle): Yes, 3 (c).

Lake of the Woods Control Board

I intend to read it in order to put it into the records of the house. It is as follows:

To regulate and control the flow of waters into lac Seul through the lake St. Joseph diversion works when the level of lac Seul rises above the following elevations in any year, namely, 1168 feet in the period commencing the 1st day of February and ending the 31st day of May, 1170 feet in the period commencing the 1st day of July and ending the 31st day of December and 1169 feet in the months of January and June.

These levels are the levels on lac Seul and are, therefore, under the direction and control of the Canadian section of the Lake of the Woods control board. But as I said earlier, when the water level of the Lake of the Woods rises above a certain point control goes to the international board. I think these are the significant things in the amendment.

I might say a word or two about the proportion of the members on the board. Traditionally there have always been two federal members and two from Ontario. However, as the house may recall, in 1930 Manitoba won back control of its natural resources, but we continued to administer the levels of storage in the Lake of the Woods area even though this did affect the resources of Manitoba. It is only common justice we are doing now in giving Manitoba a voice on that board. We certainly have to maintain our voice in order to protect our international interest and, naturally, Ontario, with most of the water in its area, has the right to two members. Both in Manitoba and Ontario, the provincial legislatures have in their latest sessions, passed legislation similar to this in order to make the composition of this new board possible.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, without wishing to hold up the house, I think it would be appropriate for me, as representing the area which chiefly supplies this watershed to which the minister has referred, to say a few words.

I am sure it gives the minister a great deal of satisfaction to introduce this bill and to speak to it in the very informed manner in which he has, because while he showed modesty in not telling the house that he was born within this domain I am sure it is a matter of pride to him that this was the case. It was also pleasant that while we were discussing this subject the hon. member who is my deskmate should have remarked to me that we were discussing here the most wonderful inland waterway in the world. I am quoting the hon. member for Bonavista-Twillingate (Mr. Pickersgill) who reminds me that he first became acquainted with this area two years after the Lake of the Woods Control Board Act had been introduced in this house.

[Mr. Hamilton (Qu'Appelle).]

Mr. Brooks: And he comes from Manitoba, of course.

Mr. Benidickson: And he comes from Manitoba as did I. One cannot, of course, in any way feel that the new composition of the board is not a desirable one, irrespective of the birthplace of either the hon. member for Bonavista-Twillingate or myself. Our neighbours to the west, in Manitoba, have a great interest in the water levels in the area.

During the committee stage I should like to ask the minister a question or two, because although he is new in the department I am sure he has already informed himself on all these matters. I would point out that there did occur in the Lake of the Woods area in 1950 a certain amount of dissatisfaction which was never cleared up with respect to flooding which occurred in that year. I should like to find out, during the committee stage, to what extent people who have land rights on the lakes which have been referred to will be protected irrespective of the change in the composition of the board. I am of the opinion, and perhaps the minister when he speaks later on would indicate whether or not he agrees with me, that such people are perhaps better protected than they were before as a result of the diversion that was made possible last year providing to the power users in Manitoba via the Winnipeg river an alternative source of water flow by means of the diversion from lac St. Joseph and lac Seul. In other words, there would no longer be sole dependence on water-flow from the Lake of the Woods, and in consequence we might not have the same feeling, in the area where people reside, in Fort Frances and on the Rainy lake and in Kenora, and on the Lake of the Woods, and Minaki as we had in 1950, that because our waters were necessary to provide power further downstream in Manitoba the board might at times disregard residents' land and shore rights so far as water levels above are concerned.

I think that is all I am anxious to say at this stage; I have a few questions to ask on the sections of the bill.

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

On clause 1—*Establishment of the board.*

Mr. Benidickson: Mr. Chairman, there are one or two questions I should like to address to the minister. Is he able to inform the committee as to the investment that was made in the canal and dam which provides the diversion from lac Seul? Secondly, as he informed the house, this bill had its first reading some weeks ago. I wonder whether

during the interval he has received any objections from the public and if so whether he would indicate from what source. Then I am concerned about the fact that this is a board composed of four people. Has the chairman, who it is stated will be a federal representative, any over-riding authority if there should be a tie in the voting? Finally, would the minister indicate to the committee the responsibility of the authority with respect to sharing claims for damages that might result from flooding in the area.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, there is one question I should like to deal with first, namely, how are the land rights protected under the new legislation? The answer is that there is no additional protection of land rights under the new legislation, which is simply an amendment to give Manitoba membership on the board as well as allowing for the taking in of this new area under the Lake of the Woods Control Board Act. I would point out to the hon. member something which he knows, that this year with low water probable in the Lake of the Woods the position is strengthened by the fact that the diversion from the Albany will give additional water which is required so much in the Lake of the Woods.

As I understand the working out of the Lake of the Woods control board, they meet and they do receive information on the amounts of snow and all the other information, and from that they try to guide their decision in letting out the water.

As the hon. member has recognized, this is purely a matter of power between the two provinces of Ontario and Manitoba.

Mr. Benidickson: Which power is now integrated.

Mr. Hamilton (Qu'Appelle): Yes, their flows are integrated.

Mr. Benidickson: There are connected transmission lines.

Mr. Hamilton (Qu'Appelle): Yes, there is an interconnection between them. The federal responsibility is navigation and with the levels affecting international obligations.

As I understand it, as far as land rights are concerned, the hon. member is thinking of the people upstream who are trying to get enough water in front of their property to operate.

Mr. Benidickson: I probably should have said this. As the minister knows, we have here a most important resort area, one of the most important in Canada. I suppose one can conceive of people having damage as a result of having their shoreline damaged owing to inadequate amounts of water as a result of some artificial interference with the rights that were there when they took the properties over. Are there rights for individuals who might suffer as a result of water being too low owing to a decision reached by the board?

Mr. Hamilton (Qu'Appelle): I was right in my first statement. Under the Lake of the Woods Control Board Act they do have certain levels, maximums and minimums. When there is a maximum the international board takes over and when there is a minimum they have to stop draining the lake.

As far as we know in the department the only recourse that any person has who has land rights is to go to law and sue. I suppose the government of Ontario, or the government of Manitoba, as the case may be,—in this case it is the government of Ontario —is the interested party. I am very sorry, I cannot answer these legal questions. My deputy knows no more about it than I do.

Mr. Benidickson: My recollection is not necessarily good on this but I do recall that we had damage claims again about 1937. My recollection is that they were due to flooding but that there was a federal contribution at that time. The claims were probably assessed by a provincial organization but a contribution was paid by the federal government. That is why I asked the question as to the percentage of the responsibility for damage claims in practice or by law under this board.

Mr. Hamilton (Qu'Appelle): The hon. member has information which is not available to us at the moment. As I understand it, he has said that there were claims for damages in 1937 in which the federal government participated. We know nothing about that in the department.

Mr. Benidickson: The minister did not yet reply to the question as to whether or not there had been any objections received by him to the bill since it was given first reading and became public knowledge.

Mr. Hamilton (Qu'Appelle): There are two questions that I would like to answer at the one time. We have had no complaints from anybody on this bill. Of course, the two governments concerned have passed enabling legislation.

The hon. member asked another question earlier on which I was trying to get some information. He asked, if there was a division of opinion between Ontario and Manitoba, how would the board members vote. As a matter of fact, as I understand it, if there is a clash between Ontario and Manitoba they

do not vote. Manitoba and Ontario have separate agreements of their own which lay down conditions of downstream benefits, proportions of contributions, damages, and so on.

I was looking through my file and I have not in my file a copy of that regulation. However, here is a copy of the agreement. This is included in the new bill from Ontario and is dated 1958. Section 18 of the agreement between Ontario and Manitoba reads:

> Manitoba and the board shall indemnify and save harmless Ontario and the commission of, from and against any and all loss, costs and damages to which Ontario or the commission shall be put or shall suffer arising or resulting in any manner whatsoever within the province of Manitoba from the introduction into the Winnipeg river of the diverted water to the extent permitted by this agreement, and Ontario and the commission shall indemnify and save harmless Manitoba and the board of, from and against any and all loss, costs and damages to which Manitoba or the board shall be put or shall suffer arising or resulting in any manner whatsoever within the province of Ontario from the introduction into lac Seul, the English river and the Winnipeg river of the diverted water as permitted by this agreement or the diversion of such water from lake St. Joseph and its normal water courses.

This is the agreement which was included in the bill in Ontario. As I understand it, each one saves harmless the other when the damage is owing to their respective actions.

Mr. Benidickson: Will the minister make a comment as to whether or not there is likely less mutuality now or more since the diversion from lake St. Joseph? Formerly there were many people in Ontario who might have suffered damage as a result of the board's decision because of the pressures that would be made by the power interest in Manitoba. Would he say now that because of the diversion and the integration of power made available in the two areas perhaps the English river power development in Ontario and the Winnipeg river power development in Manitoba are now more mutually interested in the whole? Perhaps henceforth in the two provinces there is not the same rivalry or differences?

Mr. Hamilton (Qu'Appelle): I think the hon. member has put it very well. This agreement between the two provinces ends long years of difficulties between them and particularly this concept of the downstream party recognizing that by moneys spent for storage and facilities in the other party's area, the upstream area, they achieve downstream benefits and they contribute part of the advantage back in the form of extra power—whatever the agreement calls for—to the other party. In other words, they share the downstream advantages. I think by working together, as they have done in this case, as I have gathered from discussing this with the men who helped draft the agreement, even though the federal government is not interested in the details of the agreement but only in the international responsibilities, this ranks as one of the best examples in Canada of two parties working together to share downstream benefits not only to produce more power cheaply for both of them but also to give firmer power over the whole area.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now?

Mr. Pickersgill: By leave.

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

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

LAKEHEAD HARBOUR COMMISSIONERS

ESTABLISHMENT OF CORPORATION FOR MANAGEMENT AND DEVELOPMENT OF HARBOUR

Hon. George H. Hees (Minister of Transport) moved the second reading of Bill No. C-26, to incorporate the lakehead harbour commissioners.

Mr. Chevrier: Will the minister make a statement?

Mr. Hees: Mr. Speaker, the Department of Transport and the Department of Public Works have for some time had representations brought to their attention urging the construction of a modern freight terminus at Port Arthur and Fort William with seaway depths from which freight might be unloaded from ship to both railway cars and motor trucks for local, northern and western distribution. Accordingly, last October an investigation was made by engineers and economists of the two departments of the harbour development at these two cities.

It was found that the freight terminals operated by the Canadian Pacific railway in Fort William and the Canadian National Railways in Port Arthur are obsolete, that there is no facility for unloading to motor transport and that seaway depth of 27 feet could not be provided at the berths because the foundations of the wharves would not permit additional dredging.

A recommendation was made that a new, modern terminus be constructed to handle all types of traffic and that the management of this terminus should be placed in the hands of harbour commissioners. This proposal was supported by the governments of

Ontario, Manitoba, Saskatchewan and Alberta, the cities of Fort William and Port Arthur, Canadian National Railways and the Canadian trucking associations incorporated.

The city of Port Arthur has some 180 acres adjoining its boundary with Fort William and located on the waterfront, together with an equal area of water lot property. The city of Fort William has a small parcel adjoining this site, a relatively large water lot area and approximately 200 acres on the lakeward side of island No. 2. Both cities have agreed to make the property available to the commissioners for harbour development. The Minister of Public Works (Mr. Green) announced in the house on June 6 that a consulting firm has been retained to carry out surveys and prepare plans for a lakehead harbour terminal estimated to cost $3 million to $4 million. The logical site for the terminus, if soil investigation proves its suitability, is astride the boundary between the two cities. The commissioners would also have harbour dues and water lot lease revenues, which last year amounted to $12,000 and $1,800 respectively.

The bill to incorporate a body to manage the harbours of Port Arthur and Fort William as one harbour, to be known as the lakehead harbour commissioners, is the logical forward step in the increased development that is expected upon completion of the St. Lawrence seaway. It is important not only to the immediate area but also as a distribution point that will serve the prairie provinces.

The bill is similar to the one passed in April, 1957, to incorporate the harbour commissioners for Windsor, Ontario, with the exception that as both Port Arthur and Fort William should have representation both city councils will each appoint one commissioner and three commissioners will be appointed by the governor in council. The commissioners will have jurisdiction over all the harbour fronting both the cities and, as is the case with the Windsor harbour, revenues remaining over the operating expenses, etc., will be paid to the receiver general.

I might say that when the bill is given second reading it is my intention to move that it be referred to the standing committee on railways, canals and telegraph lines. I am sure the bill will commend itself to the house as a forward step in the development and expansion of traffic through the lakehead.

Mr. Hubert Badanai (Fort William): Mr. Speaker, it is indeed with a great deal of pleasure that I welcome the introduction of Bill No. C-26 which will enable the establishment of a harbour commission for the lakehead and, what is more important of course, the construction of harbour installations which will provide facilities for ocean-going vessels. I welcome the statement of the minister because as far as Fort William and Port Arthur are concerned it is good news.

Fort William, being the largest city in northwestern Ontario, will be one of the principal beneficiaries. By saying so I do not wish to minimize the importance of the city of Port Arthur. As a matter of fact, by common consent with my friend, the hon. member for Port Arthur (Mr. Fisher), we look upon each city as being equal.

The coming of the St. Lawrence seaway will bring the oceans of the world to the door of this mid-continental heartland 1,250 miles from the city of Montreal. In its two cities, seven towns, 25 organized townships and 11 improvement districts live approximately 200,000 persons. They comprise but one-twenty-fifth of the population of the province of Ontario but inhabit more than half the province representing about one person per square mile.

In the speedy pace of the economic development of Canada during the past decade or since the war northwestern Ontario has achieved much. In gross production, in development of resources and industrial development it has made great strides. Its contribution to the national production has been estimated at more than $250 million annually. Yet this great area of immense potentiality and great promise is known little by the rest of Canada.

The lakehead ports of Fort William and Port Arthur handle upward of 11 million tons of freight each year, which is a greater tonnage than the combined freight cargo of Toronto and Hamilton. No accurate assessment can be made at the present time of the increase in tonnage after the seaway is in operation. An expansion is expected, but it will depend upon various factors such as the coastal trading regulations; seaway tolls; great lakes pilots and wage rates paid to seamen, which will definitely influence costs to foreign ships.

The grain trade is an international business, competitive on a world-wide basis. Consequently grain freight rates are protected at a low level by statute, and doubtless any burden placed upon this trade by harbour dues or tolls would be considered unwise.

I am not over-enthusiastic about the imposition of tolls. Before a definite policy is established in this regard it will be necessary to make a detailed study of the situation, especially when we are dealing with grain shipments and other price-sensitive commodities.

The movement of grain varies from year to year according to crop conditions, but

especially in the light of world demand and supply and other market conditions. From time to time our 25 terminal elevators, and I am including all the elevators at the lakehead within the cities of Port Arthur and Fort William with their combined capacity of 93 million bushels, are not cleared promptly enough to prevent congestion.

The ore shipments from the Steep Rock iron mines are expected to reach 10 million tons by 1960 and be worth considerably more than $100 million or nearly four times the value of the 1956 production. The Steep Rock area is, in fact, a range rather than a mine and further exploration is expected to reveal an additional hundreds of millions of tons of rich ore to supply this continent for generations to come.

Then, there is the package goods trade of which fully 90 per cent is consigned to Winnipeg and the west, hence the interest of Manitoba, Saskatchewan and Alberta in the establishment of harbour facilities at the lakehead. The present freight sheds owned by the Canadian National Railways, the Canadian Pacific railway and the Canada Steamship Lines, as pointed out by the minister, are old and were not built to handle boat and highway truck traffic for which there was no need when these facilities were built.

Our geographical location, our grain and grain products, iron ore, pulp and paper, wood products, coal, oil and general cargo traffic, as well as our fast growing industries, are all reasons for the need of speedy development of our harbour. This bill is designed to set up a harbour commission for the purpose of operating facilities which will be constructed by the Department of Public Works, and which will serve the lakehead and western Canada for many years to come. There is a point or two that I should like to bring to the attention of the minister. Section 6 of the bill reads:

> Each commissioner appointed by the governor in council shall hold office during pleasure for such term not exceeding three years as is fixed by the governor in council, and at the expiration of his term of office may be reappointed.

There is no provision for the appointment of a new member in the case of death or resignation or for the reappointment of a commissioner at the expiration of the term of office. I feel that reappointment should be subject to the approval of the city council of the city concerned.

Then, section 10 reads:

> Subject to this act, the corporation has jurisdiction within the limits of the harbour, but nothing in this act—

[Mr. Badanai.]

Mr. Speaker: Order; I would remind the hon. member that we are debating second reading and it is the principle of the bill that is the subject of discussion. It would be appropriate to discuss the clauses of the bill in committee.

Mr. Badanai: I thank you, Mr. Speaker. I was just going to go over some of the paragraphs, but I shall have the privilege of speaking when the bill comes before the committee.

In any event, I should like to say this. It seems to me that the cities of Fort William and Port Arthur, who will contribute the land sites free of charge to the commission, should be placed in a position to share in any revenues that may be available at the end of each fiscal year. The bill does not make any such provision, and I think I am in order in saying that.

May I conclude by saying that if the government, as I believe it will, will give the lakehead harbour facilities befitting the potentialities of the district of Thunder bay, I want to assure them that the Liberals of the lakehead will thank the government; the Conservatives will thank the government and the C.C.F.'ers will thank the government and too, will thank the minister.

Mr. D. M. Fisher (Port Arthur): I believe, Mr. Speaker, in giving credit where credit is due and there is much credit due the government in this regard. If I might review history for a few minutes, I think you will see the point. We had an election on June 10, and as one involved in the campaign I often had the question thrown up to me: You know, if you are elected you are going to be in the opposition, so what could you possibly do for Port Arthur? What would the government possibly do for Port Arthur with you as a member, especially when we have such a distinguished cabinet minister as Mr. Howe? Well, Mr. Howe went, and I think it is worthwhile pointing out that Mr. Howe was not an advocate of this particular piece of legislation introduced by the government. His attitude, linked with that of Senator Paterson who is head of the Paterson Steamship Lines, was that the seaway development was going to be a long, slow process, and that at that time the lakehead did have facilities in charge of the railways which seemed adequate. There was no rush.

I recall during the election campaign that the *Free Press,* just before it switched to Howe after being against him for a while, had a cartoon in which Mr. Howe was depicted as sitting under a great big umbrella, and the umbrella was labelled "safe seat". Off in the distance somebody was fooling around with some harbour developments, but

Mr. Howe was ignoring the whole thing. After the last election this government began to show an interest in the protests which were launched by Mr. Jobin—I think he should be given credit—and the importunities of the Saskatchewan government. They felt it was quite possible the lakehead area was going to fall behind the United States lakehead area, that is Duluth and Superior, in being ready for this particular situation. The local people, therefore, rallied, and the member who previously spoke, as the mayor of the city of Fort William, and the council of the city of Port Arthur, began to get interested and this whole pattern began to develop.

But I must say again that we would not get really definitive action until there was a move by the government and the Minister of Transport was able to talk to the representatives of the cities, to the chambers of commerce, to the government officials of Manitoba, to listen to representations from other places in the west and to decide to go ahead with the bill.

In the last election campaign before March 31 again I was out on the hustings and people were saying: Now that Howe is gone, the main thing to do is to have another link in the Diefenbaker chain; why elect an opposition member to parliament which is all you will be. We will get such things as the lakehead harbour commission only in that way. As the minister and maybe some of the members of this house can gather, in the next electoral campaign, if I should be around fighting it, I shall have the opportunity of pointing to this magnificent terminal dock and of saying: Having an opposition member is not against you; these are the things you get for being an opposition member. So figuring on this election campaign four years from now, if I have the opportunity I shall be able gratefully to refer to this contribution to the lakehead economy and the economy of the whole country that the minister has introduced.

I have a few minor points that I want to make in detail but I will do that in committee, Mr. Speaker. Again I want to give credit where credit is due; and a great deal of it is due to the Minister of Transport (Mr. Hees) for the part which was played by him and to the Minister of Public Works (Mr. Green) in this matter. I hope it is a real indication that merit triumphs over everything in judging these particular cases.

As I sit down I should like to say that maybe there is an indication in this fact that we are going to have a board that operates and brings the two cities together. This may be an indication of what the mayor of Fort William, the hon. member for Fort William (Mr. Badanai), has sought in the past. This may be an indication that eventually we are going to move to amalgamation and that within a very short time the Canadian lakehead can become one of the largest cities in Canada rather than remain, as is the situation at the present time, two cities that really in essence are one social and economic unit.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Administration Service—

1. Departmental administration, including advisory committee on agricultural services, $674,164.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Chairman, this is the first time I have had the opportunity of presenting the estimates of the Department of Agriculture to the committee. I do not intend to contribute to delaying their rapid passage through the committee by making a long speech. However, I think perhaps I should say something about the general situation of agriculture, particularly during the past year. It has been a year which has been marked by some difference in trends from the previous year and some of these I should like to draw attention to in particular.

Despite marketing problems associated with some agricultural products in 1957, the year was a reasonably successful one for Canadian agriculture. Farm cash income declined slightly from the 1956 level but it was $47 million higher than the average for the ten-year period 1948-1957 and higher than the amount realized in five years out of this ten-year period.

Smaller prairie grain crops were mainly responsible for the slight decline in farm cash income last year. In comparison with many recent years, growing conditions on the prairies were far from ideal. Although spring came early and the crop was planted in good time, cool weather in late spring and early summer retarded growth and plant development.

Over much of the region periods of extremely hot July weather, coupled with drying winds, inadequate moisture, and widely ranging hail storms resulted in reduced yields. These lower returns were only partly offset by higher returns from the sale of livestock and dairy products.

In contrast to the prairies, the rest of Canada in 1957 experienced generally excellent growing conditions for small grains,

and most yields were well above recent averages. In Nova Scotia, unusually dry weather resulted in a hay shortage.

Perhaps the outstanding development in export trade last year occurred in the livestock industry. Despite the fact that domestic consumption of beef was at a record high level, about 21 per cent of commercial marketings in 1957 were exported as live cattle or beef. This represents a substantial increase in export trade, compared with only 4 per cent of total marketings in 1956. In the first quarter of this year—that is 1958—exports of cattle and beef were the equivalent of about 29 per cent of commercial marketings.

Another interesting feature of the agricultural export trade picture is that Canada has been the only one of the four major wheat exporting countries—that is the United States, Australia, Argentina and Canada—to have exports of wheat and flour in the current crop year at a higher level than in the same period a year earlier.

Exports of agricultural products in general this year are running about 12 per cent above those in the corresponding period last year, something which I think is a very encouraging sign indeed as far as the general agricultural picture is concerned in Canada in 1958.

On a regional basis, farm cash income was about the same in 1957 as in 1956 in Ontario, Quebec, Alberta and British Columbia, but lower in all other provinces.

The index of the physical volume of agricultural production—with 1935-39 being taken as 100—dropped to 130.5 from 169.2 the previous year, a very large decline in production. The sharpest declines were in the grain growing provinces. The fact that the decline in cash income was so small indicates better prices for many products. However, when grains and other field crops are taken into consideration, the general index of farm prices was slightly lower, dropping to 209.2 from 213.2.

The farm price situation has improved steadily in late 1957 and 1958, to a considerable extent I think since this government came into office and instituted new policies in connection with agriculture. Preliminary dominion bureau of statistics estimates place the index of farm prices of agricultural products at 240.7 in April compared with 237.1 in March. April is the fifth consecutive month witnessing a rise in the index. In other words, in the past six months the general level of agricultural prices has been upward.

Mr. Argue: Will the minister permit a question?

Mr. Harkness: Yes.

[Mr. Harkness.]

Mr. Argue: Does he happen to have with him cost of production statistics for the same period, or the cost of production index?

Mr. Harkness: No; I have not that at the moment.

Mr. Argue: Does the minister know whether that index is higher than the index of agricultural prices based on the 1930 average?

Mr. Harkness: During the period which I have just outlined, namely the last six months, there has been very little change. I have in my hand a list of selected commodities, which includes most of the main items produced in Canada and which gives the prices for the first week of June, 1957 as compared with the first week of June, 1958. It indicates the situation in general this year as compared with the situation in the first week of June last year so far as farm prices are concerned, as follows: Cattle, good steers at Toronto, in 1957 were selling at $19.88 per cwt. and in 1958 at $24 per cwt.; hogs, grade A in Toronto, were $32.25 in 1957 and $34.50 in 1958; lambs in Toronto were $22 in 1957 and $24 in 1958; creamery butter, Canada first grade, Montreal, was 57 cents as compared with 63 cents; cheddar cheese in Ontario, f.o.b. warehouse, was 34 cents per pound as compared with 35 cents per pound and cheddar cheese in Quebec was 33½ cents per pound as compared with 32½ cents per pound; eggs, grade A large, at grading stations to wholesalers in Montreal, were 40 cents in 1957 as compared with 46 cents in 1958; in Halifax they were 38 cents as compared with 40 cents; in Toronto 36 cents as compared with 44 cents and in Winnipeg 37 cents as compared with 39 cents; turkeys, live No. 1, 10 to 20 pounds, Montreal, were 30 cents to 31 cents per pound in 1957 as compared with 34 to 35 cents per pound in 1958; fowl, live No. 1, 5 pounds and over at Toronto, were 19 to 20 cents per pound as compared with 23 to 24 cents per pound this year; potatoes, Canada No. 1, wholesale New Brunswick at Montreal, 75-pound bag, $1.65 to $1.75 in 1957 compared with $1.40 to $1.50 in 1958.

I would like the house to note the difference as an indication of the situation in the potato markets. Potatoes No. 1 in Manitoba, at Winnipeg, a 75-pound bag, in 1957 were 70 cents to $1 while in 1958 they were $3 to $3.50. This is one of the products in which we have a great variation from one part of the country to the other and from one market to another.

Wheat, Ontario No. 1, mixed winter wheat at shipping points, $1.34 per bushel last year compared with $1.51 per bushel this year; wheat No. 1 Northern, in store Fort William,

$1.63 per bushel in 1957 and $1.60½ in 1958. This is one of the few cases in which there has been a drop in price.

Oats, Ontario No. 2, 60 cents last year and 64 cents this year; oats, No. 2 C.W.—these are western oats—domestic and export in store at Fort William and Port Arthur, 75 cents a bushel last year and 75½ cents a bushel this year; barley, Ontario, 75 cents last year compared with 80 cents this year; barley, No. 3 C.W., in store Fort William and Port Arthur, $1.16 compared with $1.11 this year—another case in which there has been a drop.

Flax seed, No. 1 C.W., Winnipeg grain exchange, in store at Fort William and Port Arthur, $2.40 last year and $3.02 this year. These prices will give the committee some idea of the changes which have taken place; in nearly all cases the change has been upwards. It is as good an illustration as I know of what has happened during the past year as far as the prices of agricultural products are concerned.

As I have said, I think a great deal of the improvement has been as the result of policies followed by this government, including the introduction of the Agricultural Stabilization Act. This act, as most hon. members of the committee know, was the successor of the Agricultural Prices Support Act, and it went into effect on March 3 this year, having been approved by the last parliament at the end of January. There were a number of important changes from the old act; a formula was included for establishing a base price for any agricultural commodities. The board was commissioned to set up a price support on nine stated commodities at a level equivalent to at least 80 per cent of the base price, including cattle, hogs, sheep, eggs, butter, cheese, oats, wheat and barley, outside of designated Canadian wheat board areas.

For these nine commodities a support price was to be announced for a 12-month period and for any others that might be named the act indicated a one year period but allowed time limits if it should be felt necessary to meet a particular situation. This has been found necessary in the case of fruit and vegetables and the provision was included in the act to make it possible to handle these commodities when emergency situations arose.

An advisory board of farmers or representatives from farm organizations was appointed and the general intention of the act was to stabilize prices in order to help agriculture receive fair returns. Fifty million dollars was added to the revolving fund available for price stabilization, raising the total to $250 million. A considerable number of commodities have been stabilized under this act and the government has so far authorized 16 products in addition to turkeys and potatoes which were authorized under the Agricultural Prices Support Act, which meant a total of 18 commodities under support of the stabilization act. The percentage of the base price at which these 16 commodities are supported is as follows:

Commodity	Percentage
Butter	107
Cheddar cheese	110
Dry skimmed milk	107
Hogs	84
Steers	80
Lambs	80
Wool	110
Eggs	85
Wheat	80
Oats	80
Barley	80
Sugar beets	93
Soybeans	90
B.C. tomatoes	112
Asparagus	86
Raspberries	
(In frozen pack)	102
(In So_2 pack)	91

I have given these percentages to the committee because statements have been made in this house that prices were being stabilized at the minimum provided under the act. The majority of commodities for which a stabilized price has been announced has been supported at a price considerably above the minimum provided for and in a large number of cases considerably above the base price which is the average price for the last ten years. As I have stated, this means that there is a total of 18 commodities presently under some form of support program as compared with a maximum of six at any one time prior to June, 1957. In other words, we have under support at the present time three times as many commodities as had the previous government at any time under the old act.

Ever since taking office, of course, this government has received a large number of demands which have been in existence for many years past with respect to protection for Canadian agriculture. There are a number of reasons why Canadian agriculture needs protection, five of which are as follows:

1. The short growing season.

2. The long period during which livestock must be housed and fed.

3. A production season that follows peak production in the United States.

4. Long east-west hauls to market centres.

5. Greater exposure to competition from imports than is experienced by manufactured goods.

These reasons, then, account for the unfavourable position of agriculture compared with other segments of the economy, and explain why this government recognizes the need for greater protection.

There are several ways to give this protection without resorting to subsidies or forms of direct government expenditure. Authority is provided under the Customs Act to fix a fair market value for imports of any product from countries, other than those in the commonwealth, if their importation causes injury to Canadian producers. Valuations made under this authority apply for the purpose of assessing special dumping duties, which are added to the ordinary duties. Other means of protection would include tariff quotas, import controls, and establishment of state monopolies such as the Canadian wheat board.

I may say in this connection that there has been a very wide demand in the past year for the imposition of fair value for duty particularly on a wide range of fruit and vegetables. Under the GATT agreement we have to make out a case before fair value for duty can be declared and in a large number of these instances it has not been possible to make out a case which would justify making use of fair value for duty.

I should say something more with regard to exports, and go into a little more detail. Exports of agricultural products in 1957 amounted to $909 million. This was a little lower than the $1,013 million of the year before but higher than in 1954 and 1955. Agricultural exports continued to make up about 20 per cent of total commodity exports. Figures for the first five months of this year show that agricultural exports are continuing at a high level, running about 12 per cent above those in the corresponding period last year.

As stated earlier, Canada has been the only one of the four major wheat exporting countries to have exports of wheat and flour in the current crop year at a higher level than in the same period a year earlier. From last August 1 up to the end of March this year Canada exported 194 million bushels of wheat compared with 176 million in the corresponding period last year, an increase of about 10 per cent. Total wheat exports from all four countries were about 23 per cent lower in the August-March period this crop year than last. Canada has also increased her share of the total wheat trade, supplying 36 per cent of total wheat exports from the four countries compared with 25 per cent in the year earlier.

I think this increase in our wheat exports is one of the most favourable features as far as agriculture is concerned.

Mr. Pearson: Could the minister tell us how much of that increase is due to gifts and long-term credit under the Colombo plan?

[Mr. Harkness.]

Mr. Harkness: I have not the breakdown in figures available at the moment but the actual exports for cash were considerably higher during this period than in the same period a year earlier; our total share of the world cash trade was very much larger than it was a year ago.

Legislation proclaimed last November 25 provided for making cash advances on a quota of farm-stored grain in western Canada—50 cents a bushel for wheat, 20 cents for oats and 35 cents for barley. This materially aided the cash position of western farmers and the whole Canadian economy last winter and spring.

Now I should like to say something about a few other major commodities. First, cattle. Cattle represent, probably, the brightest spot in the last six or seven months in the entire agricultural picture.

Mr. Gour: That is right.

Mr. Harkness: Cattle and calves at June 1, 1957, numbered 11.3 million, 2.6 per cent more than in 1956, and an all time record. Net marketings—total less feeders returned to farms for further feeding—reached a record of 2.3 million head, an increase of 17 per cent over 1956. The record rate of output continued in the first quarter of 1958 when 602,000 head were marketed, a rise of 30 per cent over the first quarter of 1957. In other words, marketing has continued to increase so that it is 30 per cent higher in the first quarter of this year than in the first quarter of last year. Canadians consumed an average of 75 pounds of beef per person, slightly more than in 1956. This compared with a per person consumption of 55 pounds in 1935-39, and 60 pounds in 1946-50. The improvement in our cattle position has been due to a great extent to the fact that Canadians are eating more beef. That demand has meant better prices, of course, and also the possibility of greater production.

Although Canadians consumed a large proportion of the beef that was produced, about 21 per cent of commercial marketings were exported either as live cattle or beef, in 1957, compared with only 4 per cent of the total in 1956. In the first quarter of 1958 exports of cattle and beef were the equivalent of 175,000 head about 29 per cent of commercial marketings.

Some 376,000 head of cattle were exported in 1957, seven times as many as in 1956. The movement increased spectacularly in the last half of the year owing mainly to heavy sales of feeders to United States buyers. This heavy buying continued in the

first quarter of 1958 with 141,000 head being exported, compared with only 8,000 head in the first quarter of 1957.

Exports of beef in 1957 amounted to 48.5 million pounds and were 13.8 million pounds in 1956. Exports of beef in the first quarter of 1958 continued to be large and totalled 15.7 million pounds compared with 2.9 million pounds in 1957.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow?

Mr. Green: Tomorrow we will begin with budget resolutions, taking first the one having to do with succession duties and then, if these resolutions should go through, we will take the estimates of the Department of Agriculture.

Mr. Chevrier: Do I take it that once the resolution on succession duties is through, if it gets through tomorrow, we will not consider other budgetary resolutions?

Mr. Green: Oh no, we will go on with the other budget resolutions. Probably the second one will be the resolutions concerning income tax.

Mr. Chevrier: Can the leader of the house tell us what the business is likely to be on Friday?

Mr. Green: We expect it will be either budget resolutions or agriculture estimates. I am not sure at the moment which will be called first.

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

Questions

ANSWERS TO QUESTIONS

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

DORVAL TERMINAL BUILDING

Question No. 63—**Mr. Macnaughton:**

1. Have full and detailed plans regarding space to be allocated to air line companies in the new Dorval terminal building, under construction, been submitted to the said companies?
2. Have details as to the rental costs of such space been submitted to the said air line companies for consideration?
3. Has the Department of Transport any plans for alleviating the shortage of restaurant facilities, both in the present domestic and international terminals?
4. Will the Minister of Transport consider giving the public full details of the new terminal building at Dorval by exhibiting plans and drawings in a public place?

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

1. Yes.

2. Minimum costs have been indicated to the air line companies. Actual rental costs are under study and will be communicated to the air lines as soon as studies are completed.

3. The department expects to let a contract shortly for a temporary addition to the trans-Atlantic building (international terminal). This will alleviate restaurant facilities at this building.

4. Perspective drawings of the building and floor plan layouts have already had newspaper publication. Enlarged plans of the building, for exhibition in a public place, are in the process of preparation but completion has to be deferred until completion of other urgent construction drawings.

MARINE RAILWAY CONSTRUCTION, CARAQUET AND SHIPPEGAN, N.B.

Question No. 112—**Mr. Robichaud:**

1. Has the Minister of Public Works received any official representations or requests from the government of the province of New Brunswick, since June 10, 1957, requesting financial assistance for the construction of a marine railway or haul-up at Caraquet or Shippegan, Gloucester county, New Brunswick?
2. If so, has any decision been reached in this regard?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Representations were made prior to June 10, 1957. Since that date the Department of Public Works continued its consideration of the request until September, 1957, when arrangements were concluded to have the marine haul-out constructed by private interests.

2. Answered by No. 1.

LEVEL CROSSING PROTECTION, DOLLARD COUNTY, QUE.

Question No. 121—**Mr. Rouleau:**

Since June 10, 1957, has the Minister of Transport or the board of transport commissioners received representations from Mr. Maurice Cousineau, mayor of St. Laurent, on the island of Montreal, requesting adequate protection at railway level crossings in the county of Dollard?

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

No.

POST OFFICE BUILDING, PLESSISVILLE, QUE.

Question No. 126—**Mr. Roberge:**

1. On what date was the last call for tenders made in connection with a post office building at Plessisville, Quebec?
2. On what date were the tenders opened?
3. What are the names and addresses of those who requested plans and specifications?
4. What are the names and addresses of those who submitted tenders and what was the amount in each case?
5. Was the contract awarded?
6. If so, on what date and to whom?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. April 29, 1958.

2. June 11, 1958.

3.

NAME	ADDRESS
G. H. Montminy Inc.	5 Richelieu, Quebec, P.Q.
Theriault & Beland	1065 avenue Holland, Quebec, P.Q.
J. O. Lambert Inc.	6 Garagonthier, Quebec, P.Q.
Barnabe & Fils	1205 2ieme avenue, Quebec, P.Q.
Freres Jobin Inc.	925 Ste. Therese, Quebec, P.Q.
Cimota Construction Corporation Ltd.	128 blvd Ste. Anne, Giffard, P.Q.
J. E. Verreault & Sons Ltd.	1250 3rd avenue, Quebec, P.Q.
Benjamin Robidas	164 rue Dumoulin, Drummondville, P.Q.
Emile Frenette Ltd.	225 St. Laurent, Quebec, P.Q.
C. Jobin Ltd.	Centre Industriel No. 5, Quebec, P.Q.

Questions

NAME	ADDRESS
Laflamme & Lafleur	97 sud, Notre Dame, Thetford Mines, P.Q.
Vincent Frere Ltd.	729 Westmount, Sherbrooke, P.Q.
L. P. Pare	Plessisville, P.Q.
Emile Lefebvre	Rang St. Alexis, Louise de France Co., Champlain, P.Q.
Eastern Canada Steel & Iron Works Ltd.	Lesage avenue, Quebec, P.Q.
Canadian Pittsburg Industries Ltd.	1285 St. Vallier, Quebec, P.Q.
Beaudet & Fils	Quebec, P.Q.
Magloire Cauchon Ltd.	239 de la Salle, Quebec, P.Q.
S. Savoie Ltd.	Plessisville, P.Q.
M. Lionel Henri	Plessisville, P.Q.
M. Alphonse Theriault	Plessisville, P.Q.
Wm. Lavallee Construction Ltd.	Sherbrooke, P.Q.
Allan Construction Ltd.	Trois-Rivieres, P.Q.
Dubois Construction Enr.	Montreal, P.Q.
Alfred Gagnon & Son Ltd.	Plessisville, P.Q.
M. Adrien Berube	Trois-Pistoles, P.Q.
Alsco Products of Canada Ltd.	191 Ashtonbee road, Scarborough, Ont.
Northland Construction Co. Ltd.	P.O. Box 68, St. Lambert, Montreal, P.Q.
W. A. Rankin Ltd.	410 Bank street, Ottawa, Ont.
R. E. Stewart Construction Corp.	862 Wellington S., P.O. Box 277, Sherbrooke, P.Q.
R. E. Stewart Construction Corp. Ltd.	919 Notre Dame St. No., Thetford Mines, P.Q.
The Letang Hardware Co. Ltd.	30 St. Paul St. west, Montreal, P.Q.
Robert Warren	P.O. Box 132, Charlesbourg, P.Q.
Williams Construction Co. Ltd.	P.O. Box 715, Sherbrooke, P.Q.
Hill-Clark-Francis (Quebec) Ltd.	Room 209, 4781 Van Horne Ave., Montreal, P.Q.
Clerk Windows Ltd.	1499 Bishop street, Montreal, P.Q.
Adelard Laberge Ltd.	260 5th street, Quebec, P.Q.
P. E. Laperriere	P.O. Box 695, Trois-Rivieres, P.Q.

4.

NAME	ADDRESS	AMOUNT
J. O. Lambert Inc.	6 rue Garagonthier, Quebec, P.Q.	$ 137,662.50
Theriault & Beland Enr.	1065 Holland, Quebec, P.Q.	137,800.00
Adrien Berube	Comte de Riviere du Loup, Trois Pistoles, P.Q.	139,600.00
Benjamin Robidas Ltee.	164 rue Dumoulin, Drummondville, P.Q.	139,700.00
Cimota Construction Corporation Limited	128 blvd. Ste. Anne, Giffard, P.Q.	139,930.00
C. Jobin Ltee.	1100 rue Vincent-Massey, Quebec 8, P.Q.	145,000.00
Emile Frenette Ltee.	225 St. Laurent, Quebec, P.Q.	145,155.00
G. H. Montminy Inc.	5 rue Richelieu, Quebec, P.Q.	149,280.00
Louis-Philippe Pare	1480 rue Savoie, Plessisville, P.Q.	159,526.00
S. Savoie Ltee.	Plessisville, P.Q.	162,100.00
Vincent Freres Ltee.	729 Westmount, Sherbrooke, P.Q.	174,700.00

5. Yes.

6. July 8, 1958, to J. O. Lambert Inc. of Quebec, P.Q.

Questions

SHIPPING STATISTICS

Question No. 127—**Mr. Chevrier:**

1. At May 31, 1958, how many Canadian-owned ocean-going vessels of 1,000 gross registered tons or over were there, with their total gross registered and deadweight tonnage (a) on Canadian registry, classified as to dry cargo and tankers; (b) on any other registry subject to recall to Canadian registry by the Canadian government, classified as to dry cargo and tankers?

2. At May 31, 1958, had the sale of any of the vessels included in 1 been approved? If so, how many and what is their total gross registered and deadweight tonnage, classified as to dry cargo and tankers?

3. At May 31, 1958, under the replacement plan administered by the Canadian maritime commission, how many proposals for replacement vessels, with their total gross registered and deadweight tonnage, classified as dry cargo or tankers, has the Minister of Transport or the commission as the case may be, approved, and which are not included in 1?

4. How many of the vessels included in 1, with their gross registered and deadweight tonnage, were built during world war II for government account and subsequently sold to private owners?

5. On May 31, 1958, how many vessels with their gross registered and deadweight tonnage included in 1, were there laid up for reasons other than waiting or undergoing repairs, surveys or periodical drydocking or overhaul?

6. How many of these vessels with their gross registered and deadweight tonnage were built for government account during or following world war II?

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

1. (a) 17 dry cargo vessels totalling 82,751 gross tons, 110,897 deadweight tons and 8 tankers totalling 96,252 gross tons, 148,915 deadweight tons; (b) 61 dry cargo vessels totalling 453,426 gross tons, 662,058 deadweight tons and no tankers were on United Kingdom registry under the special transfer arrangements.

2. The sale of two dry cargo vessels totalling 14,251 gross tons, 20,628 deadweight tons and no tankers had been approved.

3. 9 proposals for ocean-going replacement vessels were approved and not yet completed; they consisted of 5 dry cargo vessels totalling an estimated 63,900 deadweight tons and four tankers totalling an estimated 92,150 deadweight tons and did not include any vessels mentioned in 1; the gross tonnage is not available before measurement for registry.

4. 65 vessels totalling 429,898 gross tons, 622,363 deadweight tons.

5. According to the information available to the Canadian maritime commission from various sources there were so laid up 19 vessels totalling 113,581 gross tons, 159,492 deadweight tons.

6. All 19 of these vessels were so built.

T.V. SATELLITE TRANSMITTERS, MARITIME PROVINCES

Question No. 132—**Mr. McWilliam:**

1. Has the Department of Transport or the Canadian Broadcasting Corporation received an application or applications from private telecasters or radio broadcasters for the construction of T.V. satellite transmitters or translators in any part of the maritime provinces?

2. If so, by whom was the application made and for what area?

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

1. Yes.

2. Newfoundland Broadcasting Co. Ltd., Argentia, Nfld.; Cape Breton Broadcasters Ltd., Inverness, N.S.

NEWFOUNDLAND—SMALL LOANS FUND GRANTS TO FISHERMEN

Question No. 142—**Mr. Carter:**

1. How many loans have been granted to fishermen in Newfoundland from the fishermen's small loans fund for each year up to the present date?

2. What is the amount of each loan?

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

It is assumed that the hon. member is referring to loans made under the Fisheries Improvement Loans Act.

1. Three.

2. It is not in the public interest to disclose this information which is a matter of customer and bank relationship.

APPENDIX

ADDRESS

of

DWIGHT D. EISENHOWER
President of the United States

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS IN THE HOUSE OF COMMONS CHAMBER, OTTAWA, ON WEDNESDAY, JULY 9, 1958, AT 10 A.M.

Mr. Eisenhower was welcomed by the Right Hon. J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Hon. Mark Robert Drouin, Speaker of the Senate, and the Hon. Roland Michener, Speaker of the House of Commons.

Right Hon. J. G. Diefenbaker (Prime Minister of Canada): Mr. President, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, members of the parliament of Canada, President Eisenhower comes to us as the renowned leader of a mighty state, but what is more meaningful today is the fact that he comes to us as a good neighbour and friend. We are happy that he is accompained by his gracious wife and helpmate, for Canadians are very fond of her, too.

(Translation):

I now wish to add a word of welcome in the French language, and to assure you, Mr. President, that the warmth of Canadian feeling toward you and our great neighbour is one that comes from the heart.

To you and to your gracious wife, I extend the most cordial welcome.

(Text):

In visiting us unaccompanied by pomp and circumstance the president is following an old and precious precedent in the relations of our two nations. Although you come to us, sir, as the head of a powerful state, the intelligence service informs me after diligent inquiry that you come bearing no arms and carry no armour other than a brassie and a putter. May I, sir, as an aside express the wish that under clear skies and on fairways not too narrow you will be able, while here, to use this armour and add to your list of victories.

The communist world is waging an intensive economic global offensive of "aid and trade", an offensive which is not designed to secure profits in a bookkeeping sense in order to secure the ordinary values of trade for its peoples, but an offensive whose success will be measured by the degree to which the souls and hearts and the freedoms and aspirations of the recipients will be subverted under communist tyranny.

I think this is a very great occasion. We say what we have said on occasions in the past, that our countries are united in defence. I believe, sir, that the Soviet challenge demands that we can be no less in economic objectives. I believe that each of our nations, and each of the nations of the free world, in forming economic policies, while at all times looking primarily to the welfare of the individual nations, must as never before take into account, in the common interest and for survival itself, the effects of such policies on the economic welfare and interests of all other free nations. And I go even further and suggest that, to meet the ever-enlarging expansion of communist economic cold war, joint action is imperative to the end that world trade will be expanded and the financial base of liquid resources necessary for such expansion will be materially increased. I feel sure I speak for all Canadians when I say that Canada stands prepared to assume her full share and to make her full contribution to such a bold policy.

Mr. President, our two lands have a glory of their own, the glory of two peoples moving forward together, not complacently but with a humble pride, and joined in fraternal association that has extended through a century of tragedy and storm in different parts of the world.

We can on this occasion, in the simplicity of our faith, thank God that our nations know nothing of ancestral hatreds or animosities. Above all, we may hope that this spirit of

peaceful and co-operative relations will in due course become the fortune of all mankind.

Sir, as you came into our city you drove by and crossed over a small canal. Few know today when or why it was built. It was built more than 100 years ago to help protect this country from yours. Today it is a museum piece; it represents a past that is past.

I would recall to you, sir, on this the occasion of your visit to our country one of the earliest visits by Canadian parliamentarians to Washington. When Abraham Lincoln went to Gettysburg to deliver his immortal and timeless address, one of those who accompanied him as his guest on the Gettysburg platform was the Hon. William McDougall, one of the fathers of the Canadian confederation. Mr. McDougall had been in Washington with Mr. Galt on a small matter regarding trade, and Mr. Lincoln, with that informality which has continued since to characterize our relations, invited Mr. McDougall to accompany him. It is of interest, too, sir, that when the next day Mr. McDougall wrote to his family in Canada his opinion, so different from many opinions uttered that day, was that the president's words would live in history.

In the years since there have been many comings and goings; there have been meetings, and not all brought satisfaction to both sides. But there has remained that glory to which I referred a moment ago, that we can discuss, that we have discussed, that we shall in the days ahead continue to discuss our problems and our differences with the candour of free men in friendship, understanding and manly frankness.

I have often been asked by other nationals what is the secret of the dedication of these two nations to neighbourliness and mutual respect. The answer, we know, is this. We trust each other in a union of hearts based on common ideals and the abiding principles of freedom and the rights of men. Our peoples are North Americans. We are the children of our geography, products of the same hopes, faith and dreams, products as well of those forms of expression which have been nurtured and enriched in the traditions and common heritage of Magna Carta, the Bill of Rights and habeas corpus.

When, 13 years ago, you were given the freedom of the city of London another great warrior-statesman, Sir Winston Churchill, said of you that you had shown "the capacity for making great nations march together more truly united than they have been before." I take leave to quote your noble reply in which in part you said:

> Humility must always be the portion of any man who receives the acclaim earned in the blood of his followers and the sacrifices of his friends.

Mr. President, it is in your clear knowledge that it is only by constructive deeds of living men that the sacrifices of the dead can have their proper values that parliament, yes, the Canadian people as a whole, give you their warmest welcome and acclaim. I salute you, sir, as the wartime commander under whose leadership the legions of freedom marched when liberty was under siege and no man knew where salvation lay. I greet you, sir, as one whose wisdom, humanitarianism and prestige are once more humanity's major hope for freedom and for peace.

Members of the parliament of Canada, I have the high privilege of presenting to you a great and good tribune of freedom in war and in peace, the President of the United States.

Mr. Dwight D. Eisenhower (President of the United States of America): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Mr. Prime Minister, members of the Canadian houses of parliament, distinguished guests and friends: As I begin, may I be permitted to speak a few words in my halting French to my French friends in Canada. The Prime Minister did this with great courage. I assure you I do it in abject fear.

(Translation):

Here, in Canada, you have demonstrated that differences in speech and forms of speech need not impair communications between free peoples. So it must be among all nations of the free world. Though we may speak in different tongues and accents, that fact does not weaken our determination to work for a just and lasting peace. All of Canada has a great and rich tradition in the service of this high purpose. Her dedication to it has been staunch and persevering. Her example encourages free men everywhere.

(Text):

Mr. Prime Minister, I want you to know of my deep personal appreciation of the warmth of the welcome you have extended to me and of the generosity of the remarks you have just delivered concerning me. Along that same line, I should like to express my very great appreciation of the warmth of the welcome that Mrs. Eisenhower and myself have experienced throughout the city, along its streets and in every meeting in which we have had a part. We are truly grateful.

This is my fourth visit to your beautiful capital. I recall so well that when your gracious Queen came to Washington from Ottawa we spoke together of the beauty of this city and of the greatness of Canada.

It is good to return, to see old friends and to make new ones.

I came here first in 1946 to congratulate the Canadian people on the brilliant role played by the Canadian forces you placed under my command in the world war which had then recently ended in victory. My next visit was made as commander of NATO forces in Europe. In 1953 I returned as president, and talked in this house of some aspects of the relationship between our two countries.

I then spoke of the St. Lawrence seaway in prospective terms. Today it is near completion and next year it will be opened. This is truly a great joint accomplishment. It will open up important regions of both Canada and the United States to ocean traffic. It will ever stand as a monument to what can be achieved by the common effort of two sovereign nations.

On that same occasion I spoke of the need to devise ways to protect our North America from any surprise attack. Since then we have made great strides. The distant early warning or D.E.W. line has been built and placed in operation. In the process of its construction I am sure much has been learned which will contribute to the more rapid development of the northern reaches of Canada and our new state, Alaska.

Last month an agreement was concluded between our two governments to establish a combined air defence headquarters for this continent. We have also, both of us, striven, as we will continue to strive, for the Soviet union's agreement to a system of inspection to protect against surprise attack through the Arctic. Recent Soviet communications have strengthened the hope that they will come to see that by such a system any basis for their professed fears of an attack across the pole will be removed. For Canada and the United States such a system in operation would add measurably to our security against a sudden attack. Possibly it might also pave the way for still further measures of arms control and permit some reduction of the burden and danger of modern armaments.

Both of these developments, the seaway, a broadened, deepened road for peaceful commerce, and the strengthening of our common defence of this continent, strikingly illustrate two things. The first is that change is the law of life and of relations between nations. When two great peoples such as ours, energetic and optimistic, live side by side in all the diversity that freedom offers, change is rapid and brings in its wake problems, sometimes frictions.

The second lesson I see in these common achievements in diverse fields is that by mutual respect, understanding and with good will we can find acceptable solutions to any problems which exist or may arise between us. It is important to remember this. Such differences as are from time to time expressed never affect the similarity of purpose which binds our two countries together.

Of course, each of us possesses a distinctive national character and history. You won your independence by evolution, and the United States by revolution. Our forms of government, though both cast in the democratic pattern, are greatly different. Indeed, sometimes it appears that many of our misunderstandings spring from an imperfect knowledge on the part of both of us of the dissimilarities in our forms of government. And yet, despite these dissimilarities in form, our two governments are developing and are increasingly using effective ways to consult and act together. This we do to meet the problems that confront us in our relations with each other, and in the relations of both with other nations of the world.

We share the basic belief that only under free institutions, with government the servant and not the master, can the individual secure his life, his liberty, and the pursuit of happiness. We are both determined to frame and follow policies which safeguard the lives and homes of our people, their peace of mind, their material well-being and, above all other things, their ideals. True to these ideals both of our countries, for example, are determined that the great decisions of peace and war will remain always under civilian control.

Moreover, we both recognize a design of aggressive communist imperialism which threatens every free nation. Both of us face a military threat and political attacks. Our system of free enterprise is challenged throughout the world by a state-directed, state-controlled economic system. Indeed, this could well be the area in which the competition will be most bitter and most decisive between the free world and communist imperialism. We must never allow ourselves to become so preoccupied with the differences between our two nations that we lose sight of the transcendent importance of free world co-operation in the winning of the global struggle.

Acting in accordance with our common dedication the two of us, with others, have drawn together in collective security arrangements. The most notable of these is the North Atlantic Treaty Organization in which both Canada and the United States are equal partners. We are both determined to maintain what George Washington described as "a respectable military posture." We are

equally determined to maintain our institutions in good repair and to ensure that our own economies function well.

Thus we seek not only to meet the expanding needs of our people but also to set an example of free men's accomplishments which will encourage and attract those less fortunate. Finally, we are agreed that we shall never cease striving for a just and lasting peace to be achieved by negotiation with those who challenge us. We overlook no opportunity to settle the issues which divide the world and under safeguarded conditions to reduce the burden of armaments.

Now, against this background of similarity in basic factors and policy, let me now point to some of the matters which it seems to me are troublesome between us. Among these are the surplus wheat disposal policies of the United States, the imbalance of our mutual trade, certain aspects of United States private investment in Canada, and Canadian fears of a trend in the United States away from forward-looking policies in the field of trade.

I am sure you agree that we should talk frankly to each other. Frankness, in good spirit, is a measure of friendship. It should be the practice, I believe, on both sides so to speak, when either feels that important interests are adversely affected by actions contemplated or taken by the other. Happily, these instances are rare. In mentioning today specific problems on which we do not see eye to eye I am doing so, of course, as an American, expressing an American viewpoint. I can assure you that your Prime Minister, in discussing these problems with my associates and me, most loyally and eloquently expresses the viewpoint of Canada.

It is my conviction, in which I believe he fully concurs, that for all of our present problems and all of our future ones we will find acceptable solutions. It will take understanding, common sense and a willingness to give and take on both our parts. These qualities we have always found in our dealings with Canada. I hope you have not found them lacking in us.

First then, in some detail, I should like to comment briefly on our surplus wheat disposal policies. I think no one can quarrel with our purpose, though some of our methods may seem unorthodox by traditional standards. Simply stated, our wheat disposal program has three aspects. In times of local famine or disaster we give wheat away. We have also bartered it for strategic materials. Finally, we sell wheat for local currency to countries which cannot afford to purchase it commercially. In these cases our policy is to lend back to the government in question most of the proceeds for local economic development. Our intent is not to damage normal commercial markets, and in this I think we have been generally successful.

I know that in the past there was criticism of certain aspects of these programs, and particularly of our barter arrangements. I believe that the basis for these objections has been largely removed. Increasingly close consultation between officials of our two governments has ironed out many misunderstandings respecting our surplus disposals. Your government knows in detail what we are planning. I assure you that it is our desire and intention to keep the doors of consultation fully open. There must never be a final word between friends.

In several respects, despite inconvenience and even occasional damage in the past, Canada stands to benefit from our moving some surplus agricultural commodities into consumption overseas. First and most evident of all, many hungry people around the world have had food which they otherwise would not have had. Second, had these products remained in dead storage they would have had a depressing influence on the world market and world prices. Finally, the funds which we have been enabled to make available to recipient countries should in the long run help to raise standards of living and create enlarged markets for all of us.

I come next to the question of the imbalance of trade between our two countries. You buy more from the United States than you sell to us and this fact is of concern to many thoughtful Canadians. There are a few basic points which should be noted in this connection.

First of all, the United States and Canada are not state traders. All the products of industry manufactured in the United States and sold to customers abroad are sold through the enterprise of the private seller. These articles come to you in Canada only because of the desire of the individual Canadian consumer to buy a particular piece of merchandise. The United States government does not place goods in Canada as part of a state-directed program. This aspect of our trade with each other is the natural consequence of two private enterprise economies working side by side and trading with each other.

Then we should also remember that the free world represents a multilateral trading community. To try to balance our books once a month or once a year with every nation with which we trade would stifle rather than expand trade. I assume that Canada is as interested as we are in the expansion of world trade rather than in its artificial redirection. Both our peoples want to buy and sell in a climate of economic vigour and expansion. An imbalance in trade with one country, in such a climate, is usually balanced

or largely offset by the state of the accounts with other trading nations.

This is the case with Canadian trade. Your export deficit to the United States is offset by export surpluses to other countries and by the flow of investments to Canada. The promotion of healthy multilateral trade, as opposed to artificial bilateral balancing, is an important objective of the international monetary fund and the general agreement on tariffs and trade, to which both Canada and the United States belong.

For a moment I want to address myself as well to the other side of the trade equation, namely your exports to the United States. Here you can rightly say that through quotas and tariffs our governmental policies can either expand or restrict your opportunities to sell to us. The same of course is true of actions taken by your government which can affect the volume of our exports to Canada.

Neither of our countries is a "free trader" in the classifical economic sense. Each of us feels a responsibility to provide some protection to particular sectors of our economies which may be in distress or are for other reasons deserving of governmental assistance. We have taken some actions of this sort. So has Canada.

Oil imports into our country contribute a case in point. We believe that to ensure adequate supplies of oil in an emergency, it is necessary that exploration to develop oil reserves be carried forward with vigour. This means a healthy oil industry throughout the continent. A healthy domestic oil-producing industry is vital to our national security. We recognize that our security and yours are inseparable. We have been keenly sensitive to that fact in considering the nature of the voluntary restrictions on oil imports that have been put into effect by oil companies in the United States, and have minimized their impact on your economy.

Our restrictive action with respect to oil is not in any sense reflective of a change in the fundamental trade policy of the United States. Such actions must be viewed in perspective. For example, since the so-called escape clause was incorporated in our trade agreements legislation in 1951, there have come from industry in the United States a number of requests for the imposition of quotas or higher tariffs. In about a dozen cases presidential approval for some relief has been granted. In only one of these cases was Canada directly affected as an exporter. We have always conscientiously sought to take account of your interests as well as our own in seeking the best remedy to these intricate problems. I believe that a study of the record will bear out the truth of this statement.

Next, the flow of investment funds from the United States into Canada has led to expressions of concern on your part. These funds have been attracted to your country by the business opportunities Canada has offered. Though they may raise questions in specific cases respecting control of an industry by United States citizens, these industries are, of course, subject to Canadian law. Moreover, these investments have helped you to develop your resources and to expand your industrial plant at a far faster rate than would have been possible had you relied wholly on your own savings. They have thereby helped to provide employment, tax revenues and other direct benefits. These funds have also helped Canada to finance with ease its recent surplus of imports from the United States, a fact that is testified to by the premium of the Canadian dollar over the United States dollar.

I am confident that if there are some defects in this investment process, ways will be found to correct them because that is in the interests of both our countries.

One final word on the foreign trade policy of the United States. In 1934 the United States took an historic decision to embark on a positive policy of fostering trade with the launching of the reciprocal trade agreements program. This policy we continue to support and practice. The government of the United States, after a public searching of soul at times of renewal of the trade agreements act, has consistently reaffirmed this policy. Have no fear that the United States will abandon a policy so well established. The problems I have been discussing concern our economic lives. Our points of economic contact are varied and numerous, as they of necessity must be under our chosen system of private enterprise.

Our governments have a responsibility to help compose difficulties, but we must not forget that thousands of individual citizens of Canada and the United States must themselves find in their diversified activities the answers to many of these problems.

Finally, there is no cause to be surprised or disturbed to discover that occasionally differences arise between us. The distinguishing character of the peoples of the free world lies in the fact that differences between them can develop, can be expressed and then amicably resolved. We in the United States have no more desire than you have to seek in our relations with other nations the silent, sullen unity that elsewhere has been purchased or imposed. The hallmark of freedom is the right to differ as well as the right to agree.

I have spoken to you today in the knowledge that through you I address a nation strong in the tradition of freedom and

vigilant in its defence. You and we are alike convinced, by our history, our religious faith and our common heritage of freedom that economic well-being and political liberty both depend upon the efforts of individuals and on their willingness to accept the responsibilities of freedom. Today I assure you once more of the pride and gratification that we of the United States feel in our long and friendly association with you, our sturdy northern neighbour.

We stand together at a pivotal point in history. All that we Canadians and Americans, and those who went before us, have built, all that we believe in, is challenged as it has never been challenged before. The new horizons of competition range from the polar areas, and extend to the infinity of outer space. It is for us, all of us, to bring to the challenge a response worthy of ourselves and of our two nations.

As we do, we shall know the satisfaction of having built, in friendship, a safer and ampler home here on the earth for this generation and those that shall come after us.

I thank you very much for your kind attention.

(Translation):

Hon. Mark Robert Drouin (Speaker of the Senate): Mr. President, it is indeed a privilege to welcome you, on behalf of the Canadian Senate, to a body so dedicated as we are to justice, to freedom and to a belief in Canada's future.

Your presence among us recalls those fine hours when our two peoples made the sacrifices which had to be made if they were to maintain those great ideals which are still, today, as precious to them as they were then. Your visit also focuses attention on the deep feeling of friendship which binds our two countries in these difficult times when it is not easy to draw the dividing line between peace and war.

Our two countries are, so to speak, family relations. We freely refer to you as our cousins to the south, and through the centuries a true family bond has developed between our two peoples. True, we have our occasional squabbles, we have our differences, we disagree; but it amounts to nothing more than the mere family spats such as are likely to occur in the best regulated families. But once we find ourselves faced with a common danger, we are quick to forget these growing pains and, closing ranks, we join forces, and heartened by our bonds of friendship, we confront the enemy; and, with God's help, we have been known to emerge the victors.

Mr. President, you come as the head of a powerful democracy in which the peoples of the free world have, to a large extent, placed their rightful hopes. This privilege is not without its heavy responsibilities. While you must no doubt, on the one hand, be the guardian of your national interests, your guardianship, on the other hand, of the whole of the free world impels you to have a constant regard for the hopes and the needs of the nations joined in alliance. Never must these hopes and needs be confused, still less brought into conflict; most vital of all, they must be brought ever more closely together and reconciled. This heavy task can only be accomplished through the utmost clarity, impartiality and strength. In you, Mr. President, we find embodied all these qualities, and we beg of you to rest assured of our confidence and understanding.

Yet, despite all the crushing burdens which are your lot, you have accepted to spend a few days in our midst. Undoubtedly you have been struck by the many contrasts of language, tradition and procedure between our two countries. Our political institutions are not built up in the same way; our ties with the nations are not all identical; our individual interests do not necessarily call for a like approach. But you must have found, in Canada, a spirit indistinguishable from that which inspires your own country—that of a free people, vigorous and aware of the paramount importance of moral values.

What we have, through the grace of God, we mean to hold; but no longer can nations do this alone. We feel comforted at the thought that we have the United States as our neighbour, and we are pleased to feel the warmth that comes with the knowledge that we stand together in face of the common danger.

Mr. President, please allow me to express to you, as well as to your charming wife, our hearty congratulations on the occasion of the 42nd anniversary of your marriage, and to wish both of you many more happy years together. Your union is symbolic of the bonds of sympathy and of brotherliness which bless the relationship between our two countries.

We are deeply grateful, Mr. President, for the kind words you had for us, and we ask you, on behalf of both the Canadian parliament and the Canadian people, to accept our heartfelt thanks for your visit, and to assure your compatriots of our sincere and loyal friendship.

(Text):

Hon. Roland Michener (Speaker of the House of Commons): Mr. President, the French language as spoken by my colleague of the Senate is so distingué and in this case has

been so expressive of our gratitude for your visit and for your address to us today that it would be an anticlimax to repeat his words in English. Even to add to them may be what the Presbyterians would call a work of supererogation. But I must take that risk in the interests of preserving the bilingual rights of my Engish-speaking colleagues and you, Mr. President, must therefore submit to be thanked twice. Furthermore, my thanks and good wishes are expressed more particularly on behalf of the House of Commons in whose chamber this auspicious meeting is taking place.

You will be pleased to know at once that your message to our two houses has evoked a response of complete and unanimous concurrence. You may find it useful, Mr. President, to cite this example to our legislative counterparts in Washington and to remind them that it would be unseemly for them to be outdone in this respect by their Canadian cousins.

We are deeply conscious, sir, of the great consideration which you have shown to our country in your visit to our capital, accompanied by your gracious wife and by your distinguished Secretary of State, Mr. Dulles, and of the honour you have done to our parliament and people by the sincere and friendly message which you have just given us. Your words have reassured our minds, but more than that they have rekindled in our hearts those ancient and enduring sentiments of friendship which have characterized our relations for the last century and a half.

It is clear that our objectives are the same, that we think alike and want to act together. Nevertheless, as our affairs become more closely interwoven in this shrinking world, more effort is required by each of us to keep them from becoming entangled.

The effort to this end which you are now making we deeply appreciate, more especially because of the constant demands upon your time. Your great office combines in its responsibilities some of the duties of our Governor General in his capacity as representative of the head of the state and commander in chief of the armed forces, and some of the duties of our Prime Minister as chief of the executive branch of government. One cannot carry this dual comparison too far; our Prime Minister has some duties in this chamber which you may be glad, or on occasion sorry, not to share. In any event this duality of your functions, by our standards, makes it more difficult for you to leave Washington and makes us doubly grateful for your presence with us in Ottawa.

I trust that your reception here this morning and the enthusiastic response to your message will leave no doubt of the success of this part of your mission. We offer you our best wishes for the continued success and enjoyment of your entire visit and express our hopes that, by coming to us for a second time, you have established a firm precedent for the future.

Upon your return home we trust that you will convey to your countrymen the respects of the parliament of Canada and will advise them that we shall long remember this significant session. We also ask you to express to them our neighbourly thanks and best wishes.

HOUSE OF COMMONS

Thursday, July 10, 1958

The house met at 2.30 p.m.

TRADE

REQUEST FOR CLARIFICATION OF JOINT PRESS STATEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister a question arising out of the press statement issued in the name of himself and the President of the United States yesterday evening, which is as follows:

> The Canadian and United States governments have given consideration to situations where the export policies and laws of the two countries may not be in complete harmony. It has been agreed that in these cases there will be full consultation between the two governments with a view to finding through appropriate procedures satisfactory solutions to concrete problems as they arise.

I should like to ask the Prime Minister whether he can clarify the meaning of those sentences, dealing with such an important matter, in the light of the statement issued by the Minister of Finance at the same time on the same subject which reads—

Mr. Fleming (Eglinton): On a point of privilege, before my friend goes on I may say that I did not issue any press statement, so my friend should not be reading anything attributed to me under such a heading.

Mr. Pearson: The statement was attributed to my hon. friend by the press officer appointed by the government to hold a press conference. The press officer said that the following statement had been issued by the Minister of Finance:

> The intention is that Canadian law and Canadian law alone is to prevail over persons or corporations carrying on business in Canada.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it would not be appropriate today to go into any detail. At the conclusion of the consultations with the President of the United States a statement will be made, and I hope that can be done tomorrow. I do not intend to be drawn into any piecemeal discussion respecting any item that may have appeared in the press or with any press report whatever. The whole question will be dealt with at one time.

Suffice it to say this: that in the discussions that have up to the moment taken place, there has been a spirit of consideration shown for each other's problems that bodes well for the future, and in particular there has been nothing in the nature, if that is what is in the mind of my hon. friend, of suggesting to the President of the United States that in regard to a matter as important as trade we should make the proposition, as suggested by the Leader of the Opposition on more than one occasion, that unless trade relations were beneficial in so far as Canada is concerned, we should threaten to withdraw or diminish in any way our defence relationships with the United States.

Mr. Pearson: On a question of privilege, the Prime Minister has attributed remarks to me which I have never made, and which he will never be able to quote as being made by me. He should either withdraw those remarks or substantiate them.

Mr. Diefenbaker: I have not the record here. I made a statement in the house the other day when I had the speech in question, and there was no suggestion of a denial on the part of my hon. friend at that time.

Mr. Speaker: The Leader of the Opposition has stated in his place that he did not make such a statement. I am sure the Prime Minister will accept that statement, just as the Leader of the Opposition will accept the statement of the Minister of Finance that he did not issue a press release.

[*Later:*]

Mr. Hazen Argue (Assiniboia): I wonder if I might ask the Prime Minister a supplementary question in this field. Will the government consider introducing in this house legislation that would require Canadian subsidiaries of United States companies to act in the export field in such a way as to bring advantage to Canada and not in accordance with the laws in some other country?

Mr. Diefenbaker: I do not think any legislation to that effect would be helpful in any way. I am not going into the complexities of the situation that would be created as the result of legislation to that effect, but when the report is made tomorrow I am sure the hon. gentleman will agree that Canada's subsidiaries will not in any way be interfered with in so far as entering into contracts with other countries

is concerned in respect of those things which Canada does not consider strategic.

Hon. Paul Martin (Essex East): In view of the importance of this matter, may I ask the Minister of Finance whether these words used by the press officer on behalf of the government of Canada represent the situation in so far as it is within the minister's knowledge? Mr. Nelson said:

> I have an explanatory note here that might help, given to me by the Minister of Finance: The intention is that Canadian law and Canadian law alone is to prevail over persons or corporations carrying on business in Canada.
>
> Q. That's the same thing as consultation?
>
> Mr. Nelson: That's what they hope to achieve by it.

In view of the importance of this matter to my constituency and many others, will the Minister of Finance not clarify this matter at once?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, my hon. friend knows perfectly well that the only law that is binding upon Canadians when in Canada or corporations that are doing business in Canada, to the extent to which they are doing business in Canada lawfully, is the law of Canada.

Mr. Martin (Essex East): That is right.

Mr. Fleming (Eglinton): The question that arises here concerns the relations of Canadian subsidiaries to their parent corporations in the United States. My hon. friend knows well that that is a complex matter. I think he has heard the very proper suggestion by the Prime Minister that the matter should not be dealt with piecemeal, that a complicated question of that kind cannot be dealt with in justice in any piecemeal manner. I think my hon. friend would be the first to say that this matter should be dealt with in the manner proposed by the Prime Minister following the conclusion of his meetings with the President of the United States.

Mr. Martin (Essex East): Will the Minister of Finance not agree with me that the Prime Minister's observations a few moments ago really represent what should be the situation from now on? But does the Minister of Finance not think that the statement which he authorized the press officer to make has complicated the situation, and is certainly not consistent with the statement he has just made in answer to my question?

Mr. Fleming (Eglinton): Mr. Speaker, I am always happy to find myself in disagreement with my hon. friend.

[Mr. Diefenbaker.]

[*Later:*]

Mr. Diefenbaker: Mr. Speaker, arising out of the question of privilege raised by the Leader of the Opposition, I would refer him to the comments he made on May 13, 1958 as recorded at page 25 of *Hansard*, which read as follows:

> We must naturally protect our interests when they are prejudiced by United States policy. We must, for instance, make it quite clear that the United States cannot expect full and complete co-operation in continental defence, which is desirable, if she treats us unfairly in her tariff and trade policies.

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, the Prime Minister has done what he said last night to the press, in connection with the speech of the President of the United States, he would never do. He said he would never take a sentence out of context and draw a conclusion from it. But apart from that, even taking the meaning which he gave to this sentence—and he should have gone on to quote my further remarks on this same page of *Hansard*—it does not conform to what he said a few moments ago.

Furthermore, I would like to ask the Prime Minister whether he disagrees with the particular sentence he has quoted.

LABOUR CONDITIONS

REPORTED NEW ORGANIZATION OF DOCKERS AND TRUCKERS

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I wish to direct a question to the Minister of Labour based on a news report in the Montreal *Gazette* of July 10 to the effect that a huge labour combine, led by the teamsters' and longshoremen's unions—both expelled from the A.F.L.-C.I.O.—started a new organization of dockers and truckers in Canada yesterday. Has the minister been in touch with these developments, and has he any information to give to the house on this important matter?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have read news reports in the same way as has the hon. member. I must say that I have no comment at all to make on the situation.

PICTOU, N.S.—PROSPECTIVE LAY-OFFS BY FERGUSON INDUSTRIES LIMITED

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to direct a question to the Minister of Labour, based on a statement by the president of Ferguson Industries Limited of Pictou, reported in the Halifax

Chronicle-Herald of July 8, that 400 employees will be out of work within a week because of lack of shipbuilding orders. What I wanted to ask the minister was whether he would make representations to the Minister of Transport, who is not here today, and to the Minister of National Defence with a view to seeing whether the government could not arrange for some orders for this well established firm.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am sure the Minister of Transport and the other minister referred to will see the question asked by the hon. member for Bonavista-Twillingate in *Hansard* and will take it under consideration; nevertheless I will convey it to them also.

HOUSING

SUGGESTED EASIER FINANCING OF PURCHASE OF OLDER HOMES

On the orders of the day:

Mr. J. R. Garland (Nipissing): May I ask the Minister of Public Works if the government is giving consideration to the extension of the National Housing Act to cover loans on secondhand houses?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the government is of course giving consideration to all possible improvements which would be made to the National Housing Act, but policy decisions would have to be duly announced.

CANADIAN BROADCASTING CORPORATION

MONTREAL—INQUIRY AS TO SITE FOR PROPOSED BUILDING

On the orders of the day:

Mr. Alan Macnaughton (Mount Royal): I would like to ask the Minister of National Revenue whether he has yet decided upon a site for the proposed new C.B.C. building in Montreal.

Hon. George C. Nowlan (Minister of National Revenue): No, Mr. Speaker; the Minister of National Revenue does not decide upon the site of proposed buildings for the Canadian Broadcasting Corporation in Montreal or elsewhere. Such decisions are made by the officials of the C.B.C. and, in so far as I know, no firm decision has yet been reached.

Mr. Macnaughton: Mr. Speaker, may I ask a supplementary question. Would the minister state whether he has met with or has arranged to meet with any delegation making representations as to the site in Montreal or in the Montreal area?

Mr. Nowlan: Mr. Speaker, I have met with so many delegations making representations on the Canadian Broadcasting Corporation that I am not in a position to answer definitely whether I have or have not met with any representative group from Montreal. I remember that about eight or ten months ago I met with several delegations from that city which had representations to make to me, but certainly I have not met with any representative group from the city of Montreal or the environs thereof within, say, the last six months.

Mr. Macnaughton: May I ask a further supplementary question. Has the minister seen the press clipping from last night's Montreal *Star* wherein it was stated that he would be receiving a delegation from the city of Montreal today to discuss this very problem?

Mr. Nowlan: I might say the paper to which my hon. friend refers is a very authoritative one; but whatever report may have been contained therein, I have not yet seen nor have I heard of any such delegation.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO RESULT OF MEETING BETWEEN S.I.U. AND C.P.R.

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I ask the Minister of Labour whether he could tell the house if the meeting which was expected to be held today between the seafarers international union and the C.P.R. was held or is to be held; and could he indicate the results, if any, of that meeting?

Hon. Michael Starr (Minister of Labour): The meeting, as scheduled, was held this morning and it is expected to be resumed at three o'clock. I am therefore unable to give to the hon. member the results of the meeting.

Mr. Howard: I have a supplementary question to direct to the Minister of Labour with regard to his answer concerning the S.I.U. dispute with the C.P.R. Will the minister undertake to exert the greatest possible effort on his part to ensure that the parties concerned will continue to meet—

Some hon. Members: Question.

Mr. Howard: I am asking a question—keeping in mind that it is not possible to resolve a dispute by settlement when the parties are not meeting?

Mr. Starr: Ever since this strike began it has been the concern of the government—and we have demonstrated that by our efforts—to bring these parties together, and I assure

all hon. members of this house that we will continue our efforts to keep the parties together until they are able to agree on a mutually acceptable solution to the problem.

UNEMPLOYMENT INSURANCE

STATEMENT ON REPORTED CRITICISM OF ACT BY MONTREAL JUDGE

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member for Vancouver East yesterday referred to a situation with respect to unemployment insurance in the city of Montreal in respect to which, as he put it, there had occurred strong criticism on the part of a judge regarding the provisions of the Unemployment Insurance Act which deprive a person of benefits if he obtains any casual employment.

I should inform the hon. member, Mr. Speaker, that there are no such provisions. A certain supplementary income is permitted and benefits are graded accordingly. For example, in the case of a person drawing $30 weekly he is permitted to earn up to $13, granting him a total of $43. A person drawing $21 is permitted to earn up to $8, giving him a total of $29. Benefits are not withdrawn; they are graded down according to the amount a person earns. The recipient must, of course, report these casual earnings.

I should inform the hon. member that the gentleman in question was taken to court not under the Unemployment Insurance Act but under a provision in the Criminal Code against misrepresentation. The charge was based on the fact that he had earned money which he had failed to declare while at the same time collecting unemployment insurance. Covering a period of three different weeks he had declared $12, while actual earnings were computed at $93. In addition he had collected $90 in unemployment insurance. In all he had collected $56 more than his entitlement.

As regards the third question, amendments to the act are now being considered and I hope they can be brought down this session.

THETFORD MINES—STATEMENT ON REQUEST FOR EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to refer to a question asked by the hon. member for Megantic on July 3. It was a question arising out of an earlier question directed to the Minister of Labour, as to whether or not any communication from the municipality of Thetford Mines relating to unemployment insurance or any other subject had been received, and in particular whether the acting prime minister or the Prime Minister had received such a telegram. My answer is that there was a telegram received from the mayor of Thetford Mines with regard to extending the period of time of supplementary benefits under the Unemployment Insurance Act.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister if the royal commission on the revision of the terms of union with Newfoundland has yet submitted its report to the government.

Right Hon. J. G. Diefenbaker (Prime Minister): I think the hon. gentleman asked that question the other day.

Mr. Pickersgill: No.

Mr. Diefenbaker: In any event, a copy in English has been submitted this day to the Governor General, and the report will be tabled as soon as we are ready to table it in both languages.

Mr. Pickersgill: Does the Prime Minister anticipate that this will involve any material delay; because, as I think he knows, the government of Newfoundland is very anxious to get this report for certain reasons of which I think the right hon. gentleman is aware.

Mr. Diefenbaker: It is expected that it will be ready for tabling within 10 days. The printing bureau has a great deal of work to do, but we want to table it in both languages. I will take into consideration the suggestion of the hon. gentleman.

Mr. Pickersgill: A supplementary question. In view of the particular nature of this report which, as the Prime Minister knows, was provided for in the constitution by an amendment to the British North America Act, is it the intention of the government, as a courtesy, to submit a copy in advance to the premier of Newfoundland?

Mr. Diefenbaker: As soon as the translation has been completed and before it is tabled in the house a copy will be forwarded to the premier of Newfoundland.

PUBLIC SERVICE

PREVAILING RATE EMPLOYEES—REQUEST FOR HOLIDAY WITH PAY ON AUGUST 4

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Secretary of State. I wonder if he can yet give an answer to the question I asked on Tuesday?

Hon. Donald M. Fleming (Minister of Finance): I think the question should probably have been directed to the Minister of Finance as chairman of the treasury board, because this is a treasury board matter.

Under the terms and conditions of employment of prevailing rate employees, they are allowed, in addition to annual vacation, nine other holidays. Six of these are fixed: New Year's day, Good Friday, July 1, Labour day, Thanksgiving day and Christmas day. One of the others is designated by the deputy minister in each department and the remaining two are designated by the minister of each department. In general, one of the designated days is whatever day is selected as civic holiday in the area concerned.

COAL

DRUMHELLER—REQUEST FOR AID IN UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to direct a question to the Minister of Labour. Would the minister inform the house as to the seriousness of the coal mining situation in Drumheller and what steps the government intends to take to relieve the unemployment problem in that important industry in Alberta?

Hon. Michael Starr (Minister of Labour): Well, Mr. Speaker, this matter does not come under the jurisdiction of my department. It is a matter of government policy. It has been brought to the attention of the government, and I am sure all hon. members of the government are aware of it. As hon. gentlemen know, the government at all times gives consideration to situations such as these as they arise in order to arrive at decisions which will assist in solving such problems.

ST. LAWRENCE SEAWAY

INQUIRY AS TO COMPLETION OF ALL-CANADIAN ROUTE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Prime Minister. Is the Prime Minister in a position to answer the question I asked on Monday concerning whether or not the government is giving consideration to the suggestion made by Premier Frost concerning the all-Canadian seaway?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have nothing to add to what I stated the other day.

Mr. Chevrier: A supplementary question, Mr. Speaker. When I asked the question on Monday the Prime Minister said he would take it as notice because it was too comprehensive to answer off the cuff. I took it as a matter of course that he would give an answer; but if what he has said today means that there is no answer, I shall have to be satisfied with that.

Mr. Diefenbaker: Mr. Speaker, the answer I gave the other day still applies as I said.

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR CONSIDERATION OF WESTERN REPRESENTATIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he say what consideration has been given to the whole question of deficiency payments? Can he say when a decision is likely to be made and whether it is likely to be favourable, in view of the serious crop prospects in western Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in this case, too, I have nothing to add to what has already been stated. The situation in the western provinces is known to the government. Immediate action is being taken in order to meet that problem in co-operation, I trust, with the governments of the provinces of Saskatchewan and Manitoba. When a decision is finally arrived at the Minister of Agriculture will place before this house the nature of those agreements to meet the immediate situation.

With respect to the general question of deficiency payments, the Minister of Trade and Commerce has been asked this question on several occasions and has stated, as I recall, that the whole problem of deficiency payments is receiving full consideration.

Mr. Argue: Mr. Speaker, I wonder if I could ask a supplementary question because of the great interest in this question in western Canada. Can the Prime Minister say whether a decision will be made during the current session of parliament, in order that the correct appropriation may be passed by this house and the payments made?

Mr. Diefenbaker: Mr. Speaker, that too is a matter that will receive full consideration.

Inquiries of the Ministry

LIVESTOCK

REQUEST FOR STEPS TO ASSURE ADEQUATE FEED SUPPLIES

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, we have all noted that the minister of agriculture for Manitoba has had recent conversations with the federal Minister of Agriculture due to the emergency drought conditions in that area. I was wondering if the minister had any statement to make, and whether or not the conversations involved the possibility of importing fodder from the United States.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the minister of agriculture for Manitoba, Hon. Errick Willis, was here yesterday and the day before. I had two or three conversations with him in connection with the drought situation in Manitoba, which I am glad to tell the house is now much less serious than it was about a week ago because of the rains that started there last Thursday which have now considerably lessened the possibility of a serious feed shortage in southern Manitoba. I might say that the minister of agriculture for Saskatchewan is here today. We had a long conference this morning and we will have another this afternoon. At these meetings with the provincial ministers of agriculture we have been canvassing the situation fairly thoroughly as to what the needs are likely to be and how those needs can best be met. As the Prime Minister indicated, I will have a statement to make to the house in that connection in due course.

PRIVILEGE

MR. MCINTOSH—REFERENCE TO REPORTED REMARKS BY C.C.F. LEADER

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I rise on a question of privilege. May I at this time ask the leader of the C.C.F. group a question relating to a report that appeared in a prairie newspaper?

Mr. Speaker: Order.

Mr. McIntosh: I believe it concerns the whole house.

Mr. Speaker: The hon. member can only ask a question of another member relating to a matter before the house under that member's responsibility. If it is a question of privilege and the hon. member will state it, the house will deal with it.

Mr. McIntosh: I am referring to a report which appeared in the Regina *Leader-Post* of June 30, and I would ask the leader of the C.C.F. group whether he was misquoted or whether he actually made this statement.

Mr. Speaker: Perhaps the hon. member could state his question of privilege first and then we will be able to see how far he will need to go to elaborate it. Is it a question of privilege affecting the hon. member himself?

Mr. McIntosh: It is a question of privilege. During a recent visit of the hon. member for Assiniboia to Saskatchewan he is reported to have said:

> —he was glad to be away from the house to come back here and look "at some intelligent people."

The article continues:

> Progressive Conservative candidates, no matter whether they were qualified or not, were elected. He admitted the P.C.'s had some able members in the house but there are "a lot I'm sure will take four years to learn where to hang their hats and coats."

I would ask you, Mr. Speaker, when members from Saskatchewan may reply to the hon. member for Assiniboia, or if the hon. member for Assiniboia will inform the house whether he actually made that statement. If he did I believe he owes an apology to the members of the house.

Mr. Speaker: I am sure the hon. member is not looking for trouble. There was nothing in what he read which seemed to reflect in any way upon him. I think the hon. member for Assiniboia must have been referring to other members of the house.

EXTERNAL AFFAIRS

REPORTED STATEMENT BY MEMBER FOR VANCOUVER CENTRE ON CANADIAN DELEGATIONS TO RUSSIA

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder whether the Prime Minister would care to comment on the statement appearing in this morning's *Gazette* and attributed to the hon. member for Vancouver Centre, who is reported as having said in Paris yesterday that Canadian delegations visiting Russia are hand-picked, and while approved by the government are politically immature and naturally very biased.

Right Hon. J. G. Diefenbaker (Prime Minister): The answer is, first, that I have not seen the report, and the answer to the general question is no.

POST OFFICE DEPARTMENT

GLACE BAY, N.S.—STATEMENT ON REPORTED REDUCTION IN STAFF

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, earlier this week the hon. member for Northumberland-Miramichi asked for

my comment on reports that the mail carrier staff in the town of Glace Bay, Nova Scotia, is to be reduced. There are 12 letter carriers in the town and the possibility of eliminating one of them is being considered. This is due to the fact that we find, after several checks, a number of them are working substantially less than the required 40 hours per week. A decision has not yet been made, but if it is decided to reduce the number of letter carriers every effort will be made to absorb the one released in the post office itself in Glace Bay or elsewhere.

I think in fairness I should also say that I was asked the same question by letter by the hon. member for Cape Breton South some time before it was posed in the house. I understand that the hon. member for Cape Breton South felt that he preferred to do it in that way and save the time of the other 264 members of the house.

FISHERIES

MIRAMICHI, N.B.—FURTHER STATEMENT ON REPRESENTATIONS RESPECTING CHANGE IN SEASON

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, on Monday the hon. member for Northumberland-Miramichi asked me if any representations had been received seeking a change in the New Brunswick fishing regulations to eliminate the two-week lift period for Atlantic salmon net fishing. Subsequent to his original inquiry on June 30, I received a telegram signed by the Miramichi commercial salmon association and W. S. Loggie Company Limited requesting that the two-week lift period for Atlantic salmon net fishing be postponed for one week. In view of the short time available and the large area which would be affected by the change the request could not be met at the present time, though the whole proposal will be given every consideration before next year.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REQUEST FOR ASSISTANCE TO HALT VIOLENCE IN INTERIOR

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a question for the Minister of Justice of which I gave him notice. However, as he is not here, as the matter is rather important and because I get frequent inquiries I would address it to the appropriate minister from British Columbia. Has the minister anything to report to the house with respect to co-operative arrangements between the federal government and the government of British Columbia to deal effectively with the violence and the accompanying social problem which are of particular concern to the residents of the interior of British Columbia?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I shall be very glad to draw this question to the attention of the Minister of Justice.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rea in the chair.

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify the tax law.

Mr. Benidickson: Is the minister going to make a statement?

Mr. Fleming (Eglinton): I really think, Mr. Chairman, there is no statement required on this particular resolution. I did refer to it in the course of the budget speech on June 17, at page 1245. The house will recall that a previous bill with a similar purpose was introduced at the last session. It was referred to in a statement I made on December 6, at page 2008 of *Hansard*, and again at the time of the debate on the resolution preceding the introduction of the bill on January 28 and 29 I made mention of the purposes and effect of the bill, at page 3944 of *Hansard*.

The legislation introduced at the last session was carried to the point of first reading following approval of the resolution. The house was not asked to give second reading to the bill at that session or to carry it farther. The declared purpose of the government was to provide the fullest opportunity for study of the bill, not only by members of the house but by the public generally, and in particular by professional organizations such as accountants, the legal profession and tax advisers who are particularly interested in legislation of this kind and whose views upon it were bound to be of great assistance.

In speaking on the measure in January I asked that such organizations, and indeed individuals as well, be good enough to make a thorough study of the bill and then submit to the government their criticisms and suggestions. In the course of the budget speech I made reference to the fact that the response to this appeal had been most gratifying. We did receive from a number of national organizations briefs and submissions, and we

likewise received from individuals many letters containing comments upon the bill. These have been greatly appreciated, and they have been carefully studied and reviewed.

The bill which the present resolution asks leave to introduce is founded upon the bill of last session, but it contains a substantial number of changes. I think no good purpose would be served at this stage, indeed I doubt if it would be proper, to compare this bill with the bill that was introduced last session. It is not unlikely that hon. members will be curious to know about some of the features of this bill that have been changed from the bill introduced earlier.

This leads me to make this comment, Mr. Chairman. I think the consideration of the house will best be served if such questions are reserved until the bill has been introduced and distributed, because unquestionably many of the answers will be found in the terms of the bill itself. I do make the suggestion to the house, therefore, that if the resolution could now be passed the bill would be introduced at once. Indeed, if it meets with the approval of the committee, immediately upon approval of the present resolution I would move that the committee rise and report it, asking leave of course to sit later this day in order to continue the consideration of the other budget resolutions. After reporting the resolution the bill founded upon it could then be introduced, given first reading and distributed. In this way we could expedite the review of the bill by hon. members because they would see it that much sooner.

As I indicated in my budget speech, the intention of the government is to propose that following second reading this bill be referred to the standing committee on banking and commerce for further study and report. In the committee on banking and commerce the officials of the departments of finance and national revenue would be available and the committee would have the fullest opportunity of studying the bill in all its aspects.

There is nothing complicated about the terms of the resolution itself. It simply states:

> That it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify the tax law.

In other words, Mr. Chairman, the effect of the proposed bill is to replace the dominion succession duty with an estate duty. As I said in speaking on the earlier bill last January, the estate tax proposed will bring the Canadian practice in line with the kind of tax that has prevailed in the United Kingdom. It departs from the succession principle of the impost that is levied on estates of deceased persons and substitutes for it an estate tax, a tax that is levied with reference to the estate in aggregate without reference to particular successions, sometimes very numerous, that are either provided for by the will of the deceased or that occur under the provisions of the provincial statutes pertaining to devolution. In that respect, sir, the principle of the bill is similar to the principle of the bill introduced at the last session.

I think, therefore, if it meets with the approval of the committee, this resolution could be reported quickly. Then there will be the fullest opportunity for debate and discussion when hon. members have the bill before them. There will be an opportunity for debate on second reading, and then after reference to the committee on banking and commerce there will be ample opportunity for the study of the bill in all its aspects.

Mr. Benidickson: We are aware, Mr. Chairman, that this bill when presented will be before the banking and commerce committee. I can asure the minister that, from what I know of this group, the discussion therefor at this stage is not likely to be prolonged. On the other hand, a question of this kind, the terms of a resolution which reads—

> That it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify the tax law.

I think is deserving of a little attention and discussion of principles at this stage. The first principle, of course, could be stated as the minister has indicated, namely that it probably involves tax reduction to the extent of $7 million.

Mr. Fleming (Eglinton): Per annum.

Mr. Benidickson: Yes, per annum. But I would point out that this in itself is not of too much consequence in so far as the principle is concerned, in that this could be done just as effectively by revision of the present statute either by alteration in the rates or by increases in the exemptions.

We must all realize that as the minister has stated, we are making a move with respect to death duties from one principle to an entirely different one. We have had in the provinces since about 1892 a death duty taxation system that has been based on succession duty or in other words inheritance

tax, and we are moving to the estate tax practice which, as the minister says, is the form of taxation in death duties in the United Kingdom and in the United States.

However, I think we should have a full realization of the principles behind succession duty taxation on the beneficiaries. I would say that they are fixed under this principle probably on three bases. Firstly they vary according to the total duty value of the estate. Secondly they vary according to the value of the property passing to each beneficiary. Thirdly, there is variation depending upon the closeness of the relationship of the beneficiary to the decedent. Bill No. 248, which was given first reading on January 28, indicates that henceforth it is proposed that we shall take no account of the manner in which a person disposes of his wealth on death. Somebody might raise the question, why do we have death duties? It is true that in comparison with our total revenues, these receipts from our present succession duty act do not loom large. In the present budget I think the minister estimates revenues of about $65 million out of total revenues of $4,660 million. But I think the basic philosophy was very well stated in a recent bulletin of the tax foundation, when they said:

> In countries like the United Kingdom and Canada where capital gains are not taxed, a system of death taxation ensures as well that the capital gains of a lifetime eventually make some contribution to the society that has helped to create them.

The foundation memo said also there is another merit in it in that a final reckoning of a person's lifetime earnings and savings brings to account tax dodgers who may have accumulated a certain amount of capital by evading their proper income tax liabilities during their lifetime. I think the minister would agree that this particular statute is helpful in that regard. But we must look at some of the other problems that are involved when we make a radical change such as that which is proposed. It may be that some of these can be described as merely transitional. There are certain practical difficulties. There may be a necessity on the part of many people to look carefully upon their present wills and many may feel obliged to revise them. It may mean that the experts in the legal and accounting studies in this field will find that their experiences are fairly well knocked into a cocked hat by reason of a new principle.

Then I think we must look carefully upon the peculiar situation that exists in the province of Quebec. In that province and in the province of Ontario the governments impose and collect their own succession duties. I am no expert in this field, of course, and I expect that some of my colleagues from Quebec will speak on this point when the bill is presented and is before the house for debate on second reading; but I understand that in Quebec there is no court which will appoint an administrator, as would be the case in Ontario or other provinces, if the deceased has not done so. There is no court of probate there to which to apply as there is in Ontario and the other provinces.

Then I think we must concern ourselves with the question of whether or not there is merit in changing our form of death duty taxation without assurance that it has approval in principle by the two large provinces of Canada, which are the only ones that impose their own death duties.

Then when one relates estates tax to succession duty there is always the question raised as to whether or not we should, in favour of simplicity, allow certain elements of equity to be outweighed, based of course on the closeness of relationship to the deceased of the beneficiaries and also the question of ability to pay. Simplicity is emphasized always with respect to an estate tax. The minister placed that emphasis when he indicated that the tax principle was to be changed. I read that one of his principal advisers, whom both of us have complimented for his long service in the Department of Finance, had something to say on this matter. I refer to Dr. Eaton, who is about to leave the department. I noted that Dr. Eaton had an interesting comment to make with respect to this matter when he addressed a meeting of professionals in the field, namely lawyers and accountants. Dr. Eaton said this:

> There are an infinite variety of settlements in the form of life interests with highly imaginative contingencies involving the government in calculating the mathematical probability of a wife remarrying and the odds that she will have children.

This, of course, involves the administration in a fair amount of difficulty. I note that under the bill as advanced last January we would have from now on one rate schedule instead of five. This indicates that there is certainly a direction toward simplicity. But I think the minister himself will agree that, particularly in the province of Quebec, we are still not going to remove ourselves, in administration or otherwise, from special circumstances that will still need the assessment or guessing just what the value would be of certain contingent interests.

When the minister spoke with respect to the forthcoming bill on December 6, 1957, as reported at page 2008 of *Hansard*, he said this:

> —I point out that in every tax bracket the tax payable under the new law will be less than under the present Succession Duty Act.

I have compared that language with what the minister said in his budget speech on June 17. He has qualified it a bit. As reported at page 1245 of *Hansard* of that date he said this:

> In every tax bracket, however, . . . the revenue yield will ordinarily be less under the new bill—

I am sure that in the interval he has found, as I have by advice from some of the experts in the field such as trust companies and so on, that his first statement was not completely and universally true. There are instances, I believe, with respect to the bill presented in January where the tax even on relatively modest estates will be greater under the new proposal than under the old legislation.

I can think of a couple of illustrations. Take, for example, an estate of $100,000 under circumstances where a deceased wife whose husband is alive leaves one-quarter of the estate to each of her four dependent children. I believe that under the existing succession duty act the tax would be about $7,800 and under the new provisions, in accordance with the tables in Bill No. 248, there would be a substantial increase to $12,400. Then there is another illustration, again a modest estate of $100,000, where an unmarried woman leaves one-quarter of her estate to each of four sisters. In such a case the estate would find that it would have to pay several hundred dollars more in estate duty tax than would be the case under the present legislation.

I do not know, of course, until we see the bill whether there have been revisions in the schedules of taxing rates which will make the minister's proviso of December 6 true in all respects. There is, however, in the very nature of the estates tax a disadvantage which I think is receiving consideration, notably by women's groups in this country, and that is that the exemptions allowed by deduction of specific amounts from the total value of the estate are allowed whether or not the persons whose very existence gave rise to them are benefited. Thus an estate of a decedent survived by a widow will benefit by the exemption of $60,000; whether the estate is bequeathed to the widow or to a total stranger. This is indeed very different from the situation at the present time, where the rate of duty is determined not only by the amount passing but also by the closeness of the relationship, if any, of the beneficiary to the decedent.

Therefore from a purely philosophical and political standpoint I think this is perhaps the nub of the situation. It is true that the minister has spoken about increases in exemptions but I believe the $50,000 exemption was provided in 1948 and we would all agree that purchasing power has decreased considerably in the meantime. In this respect the Canada Trust bulletin of December, 1956 had this to say:

> It has long been contended that the contribution made by a man's wife to his estate is equal to his own and accordingly she should be allowed to claim half his estate free of duty.

It is obvious that today a person must leave a considerably larger estate to provide for his wife and children than was necessary for a similar purpose when the $50,000 exclusion was provided in 1948. I believe where a property is settled in the United Kingdom—that is to say for example where a life interest is left to a widow—there would be no tax at all with respect to that interest, and I am told that in the United States there is a uniform specific exemption of $60,000.

We have all, I believe, received very interesting briefs in this respect from some of the very important national women's groups. I particularly have in mind a brief from the Canadian committee on the status of women which was received last month addressed to the Prime Minister. The president of this committee is a distinguished Ottawa lady, Mrs. G. D. Finlayson, and I would just like to quote from this brief as follows:

> We point out to you, sir, that those married under community of property in the province of Quebec are taxed on only one-half of the family estate in the case of the death of one partner, which means that such estates, up to $100,000, are not taxable. Should this justice not be extended to all marriage partnerships in Canada? Under the United States revenue act, a husband may bequeath to his wife one-half of his estate which is totally exempt from United States inheritance tax; it recognizes this principle of equality, as do many states of the union by their community property laws.

We have also recently received in this connection a brief from the Canadian federation of university women, the vice president of which organization would, I believe, be available to the committee. She is Mrs. Frank Flaherty, whose husband is one of the distinguished members of our press gallery. Then also there are the women's institutes who are important in Canada and have a very great interest in this problem. The minister did comply the other day with a motion I made asking that all of us who might serve on the committee which will study this bill be given an opportunity of seeing briefs of this kind, some of which we may not have had an opportunity to study, so that we might better inform ourselves in preparation for the sittings of the committee.

There is one other point I would like to make to the minister, which is that I hope the adoption of the new act will not be made the occasion for the government to bring within the scope of the act legitimate transactions which are not now taxed. The bill, of which we received the format at the time of

the first reading in January, did move in that direction. Again, with respect to the arbitrary rules of valuation contained in Bill No. 248, some of these were completely new, and I do think they could very severely complicate the process of valuation and might also be unfair to the taxpayer.

Hon. members will have noted that Bill No. 248 made certain departures from an administrative point of view, in that there were new provisions contained therein respecting collection and investigation. Indeed, there were incorporated some of the privileges of the administration which, when the party of the Minister of Finance was in opposition, invoked a great deal of very severe criticism from the members of that party with respect to income tax. I have in mind such things as the authority to enter and take away the books and papers of a deceased person. I can particularly recall that some members from rural Ontario, including the hon. member for Brant-Haldimand and the hon. member for Middlesex West, were very vehement about this provision in the Income Tax Act. This right has now been transferred under the new administration, as a departure from previous procedure, into the proposed estates tax act.

These things, I am sure, will be given very earnest and careful consideration by the committee on banking and commerce and, as I say, we do not know at this stage to what extent the minister has acceded to some of the objections he has doubtless received since last January. I think we will all therefore look forward with interest to the introduction of the bill.

Mr. Argue: This group sees a good deal of advantage in the proposals made and has no intention of delaying the proceedings at this time. We are quite happy to look at the bill as members of the banking and commerce committee, at which time it will be considered in greater detail. We think it is important that in any such law as that which we are now considering, small businesses should not necessarily have to be broken up when it is undesirable from a national point of view. We are hoping that these provisions will make it easier for such businesses to continue to operate in a number of instances when they would otherwise have to be broken up and disposed of upon the death of the owner.

There is one particular question I should like to ask the minister regarding the application of this proposal and it is this. Will this provision affect the revenues going to the provinces as a result of the agreements which have been signed for sharing taxes in this field? The minister said the result of this proposal would be to reduce revenue by $7 million. I take it he meant revenue to the national treasury. I am wondering if it might mean a reduction of $7 million in the total revenue over the whole field. It would seem to me that the government should not be proposing by this measure something which would reduce the revenue to the provinces which have signed agreements with the federal government. I am not sure what the answer to this particular question is, and I should like the minister to comment upon it at an appropriate time.

Mr. Macnaughton: Mr. Chairman, it is quite true that only now have we received, or will we receive, a copy of this bill and it is somewhat difficult, of course, to advance intelligent criticism until we have had the opportunity to study it thoroughly.

Nevertheless, as the Minister of Finance has said, we have had the advantage of having Bill No. 248 before us since December and there are a few things I should like to say about this subject, basing my remarks on Bill No. 248.

Of course the basic difference between the estates tax and succession duty as we have it now is that the estate tax will be levied against the estate, and the tax will be based on the size of the estate, whereas under the succession duty provisions the duty is levied against the recipients of the benefits and the tax is based on the size of the estate, on the amount of the benefit received by the beneficiaries and the relationship of the beneficiary to the deceased.

I admit that if the present bill goes through it will make it easy to estimate the amount of tax payable, and I am told the new rates will be progressive in character on the same principle that is embodied in the Income Tax Act. I am even told that the over-all rates may be lower. But while they may be lower today it is conceivable that within a few years they will rise in amount.

The break-down of the bill shows that part 1 deals with persons domiciled in Canada at the time of death. Under part 1 there are several subheadings such as (a) liability for tax (b) net value, aggregate of estate, (c) taxable estate (d) computation of tax-deductions, and (e) tax returns, assessment, payment and appeals. Part 2 deals with persons domiciled outside Canada at time of death, and part 3 deals with administration and method of valuing.

There are one or two things I should like to say on this section. The estate tax to be paid is on the taxable value of all property passing on the death of a person domiciled in Canada. Under the succession

duty act no attempt has been made to tax real estate situate outside of Canada and owned by the deceased, and I think this new principle broadens the scope of property made subject to tax. I think it is worthy of investigation whether we want to go that far.

Under subheading (b) of part 1 we find the rules for computing the net value of the estate passing on death. According to section 4 we find that the value includes that of all property owned by the deceased, and also the value of certain other property; and the words "certain other property" are well worthy of investigation, to my mind. What could this other property be? First of all it could be a gift by trust or otherwise made within three years, if benefit had been reserved. Second, it could be property held jointly by the deceased and another person except such portion of such property as it can be established was contributed by the survivor from property other than that derived from the deceased.

As an example, a husband and wife have purchased a home; the wife contributes part of the money which she has received from the husband. She could have done something else with it; nevertheless she put the money into the purchase of this home. In that case she gets no benefit on her husband's death. On the other hand, if she paid in money she had earned herself she might be able to get some benefit.

Third, it could include the excess value of any property at the date of death over the consideration agreed to and actually paid during the deceased's lifetime for such property. As an example, there are two partners and one agrees to buy the other out on the death of the first. The increased value of the partnership is also included, and no provision is made for incentive.

Then under paragraph 4 it could include any property disposed of by any person, including an employer, on or after the death of the deceased, in recognition of services rendered by the deceased as an employee whether or not the person to whom the disposition was made held any legally enforceable right to such disposition. Thus, for example, if an employer desired to give one year's salary to the widow of an employee on the latter's death, she would have to pay double tax. The year's salary would be subject to income tax, and second it would be subject to estate tax, and I think this question should be considered very carefully.

Then under paragraph 5 it could include the proceeds of any life insurance policy payable to a company controlled by the deceased. Thus, for example, if someone owns 51 per cent of the stock of a company—and we can assume he controls the company—and enters into a loan for business purposes of let us say $100,000 and, in order to guarantee eventual repayment of that loan, insurance is taken out; after the 51 per cent shareholder dies that $100,000 of insurance taken to secure the loan by the bank is deemed to be part of the estate. So again we have double taxation; first on the increase in the value of the company due to the addition of $100,000, and second when the $100,000 is added to the value of the estate, even though the estate did not receive that $100,000. These are new provisions, and I think they are grossly unfair.

Then under paragraph 6 the proceeds of any insurance payable to the spouse or child of the deceased, unless it can be shown that the premiums for such insurance had been paid from property other than property derived from the deceased, can also be included. The effect of this is that all third party insurance applied for and owned by a spouse or child is taxable as forming part of the estate unless it can be shown that the amount used to pay premiums came from a source other than the deceased. Now, if I desire to make a gift of money to my wife she can do anything with that money except buy insurance; but if she does buy insurance then the proceeds are taxed. It would appear that insurance is being discriminated against, yet life insurance is the one protection which so many people desire in order to have the ready cash to help pay these death duties.

Under subsection (c) on taxable value exemptions, I will not go over the figures which have been given—the basic exemption of $30,000, the $60,000 to a widow, infirm husband, child under 21, wholly dependent child over 21, plus $10,000 for each such child. There is a $15,000 exemption in cases where there is no spouse but there are dependent children, plus the basic exemption of $30,000. These exemptions are allowed even though the person because of whom the exemption is allowed receives no benefit from the deceased's estate. This concerns us very materially in the province of Quebec. I will not take the time of the house at this moment to discuss that point further, but it is a matter well worth looking into.

Section 9, of course, is subsection "d" concerning computation and deductions, sets out the table of rates. Under the succession duty act we calculate the value on the benefit to the beneficiaries, but under the proposed estates tax act it is the size of the net taxable estate which pays the duties.

Under subsection "e" concerning returns, assessment, payments and appeals there is a matter I would like to refer to in section 14. Under the present act the executor must

file tax returns within six months, and he must estimate the amount. We have no quarrel with that. However, under the proposed estates tax act the estate is liable for the tax and it must be paid within six months. Under the succession duty act the primary liability is not the executor's but rests on the beneficiary. We think the proposed arrangement is perhaps going a little too far.

Part 2 concerns persons domiciled outside of Canada and property owned in Canada by persons domiciled outside. There is a flat tax rate of 15 per cent which is charged. No allowances are made for debts or encumbrances, and there are no exemptions. I should like to ask the Minister of Finance about the case of a non-resident who owns real estate in Canada which is subject to a substantial mortgage. At the present time it is the equity interest of the real estate and not the value of the real estate which is subject to tax. Under the proposal submitted to the house today the real estate would be calculated at its total market value.

We come now to part 3 under the heading "Administration". The powers given under this part, to my way of thinking, are too great and go too far. It seems to me there has been an attempt to take the powers which have been incorporated in the Income Tax Act and apply them to the proposed estate tax act. My learned friend the hon. member for Kenora-Rainy River has already discussed this to some extent this afternoon and we will have more to say about it later.

Section 52 provides that in determining the value of any property no allowance or deduction shall be made for or on account of income tax. It is, of course, the Department of National Revenue which takes care of income tax and which, I presume, will administer the estates tax act. This section provides that if the Department of National Revenue levies income tax against certain property, such income tax cannot be deducted in arriving at the value of such property upon which the department levies estate tax. To my way of thinking this is most unreasonable and unfair, and shows no consideration by the tax collector for the rights and equities of the taxpayer.

Section 54 deals with shares in controlled companies. We can examine that question further at some future time. I suppose in general the estate tax principle is sound, and certainly the administration will be greatly simplified. Recognition of family ties is included in the higher exemptions allowed. Many uncertainties which exist under the succession duty act have been avoided and corrected. However, it seems to me that in attempting to plug every loophole the draftsmen have gone too far and have adversely affected the carrying on of normal business to which my friend the hon. member for Kenora-Rainy River referred.

The principle of valuation at date of death may result in tax being levied in many cases on value in excess of the realizable value, which seems unreasonable and unfair. Certainly adverse treatment is given to life insurance and discrimination is shown in regard to it as compared with other property. These are questions that will have to be carefully examined.

I have just a few words to say with regard to the system in the province of Quebec. This is an intricate subject, and I do not want to take the time of the house unduly in discussing it. Under the succession duty act in the province of Quebec certain customs and procedures have grown up and the people of that province have grown accustomed to the operation of the act, even though they may dislike it. In Quebec we have, as has Ontario, I presume, a system whereby relationship has a great deal to do with the payment of the tax, the relationship of first the wife, then the children, the collaterals and strangers.

We have always based ourselves on that close relationship which is part of the family concept. Many wills, trusts and other arrangements have been entered into on that basis with much thought and care, and now this is apparently to go by the board. Under the proposed estates tax act we have to determine how much there is in the estate, and then we pay the tax. The relationship does not count, and the wife is on the same basis as any stranger in relation to the estate. In fact the sole fact of there being a wife gives a $60,000 exemption.

As I mentioned earlier we are opposed to certain broad provisions which extend the collection principles of the Income Tax Act to the estates tax bill. It would perhaps be more difficult to collect money such as income which may be floating. When we are dealing with the capital of an estate there is not the same danger. In the case of capital it is usually either on deposit with the bank or, in the case of securities, registered or unregistered, they are usually in a safety deposit box. In the case of mortgages you cannot run away with them because they have to be transferred in a careful and legal manner. There is not the same urgency as under the Income Tax Act for these provisions with regard to collection.

Naturally if there is any danger of fraud the provisions should be reasonably strong and helpful; but we say the dangers of

fraud in this connection are not nearly as great as they might be under the Income Tax Act. I think it is unfair to tax certain arrangements which are justified in order to reach others which are not justified. I do not know the number in the province of Quebec, but I presume there must be many contracts between fathers and sons for the sale of farms. A contract to sell a farm may be made for a 15-year period. In no sense is there any attempt to defraud the government. I say we should not deal with cases such as these as though we were dealing with criminals.

In summary, we are not against the estates tax principle. We point out that there are and there will be certain difficulties in dealing with the question in the provinces of Ontario and Quebec. I object to certain collection provisions. It is impossible to tell how efficient the bill is until we have seen its terms. We look forward to a careful examination of the terms proposed by the Minister of Finance in the committee to which this bill will be referred.

Mr. Crestohl: Mr. Chairman, I just have one observation to make arising from the fear that perhaps the minister or his advisers possibly may have overlooked to some degree a situation peculiar to the province of Quebec. I hope, Mr. Chairman, you will allow me to make some reference to one of the provisions of the income tax resolution which is necessarily associated with succession duties.

I should like to point out that under paragraph 6 of the income tax resolution provision is made whereby a husband can transfer to his wife once in his lifetime a $10,000 interest in their common home or residence. If this provision is not carefully handled in the province of Quebec which, as you know, Mr. Chairman, is the only one of the ten provinces—

Mr. Fleming (Eglinton): On a point of order, Mr. Chairman, I do not wish to interrupt the hon. member, but surely he is talking about paragraph 6 of the income tax resolution.

Mr. Crestohl: The minister is perfectly right.

Mr. Fleming (Eglinton): What has that to do with the resolution now before the committee which is a resolution in relation to estate tax?

Mr. Crestohl: I did address myself to the chair and said that I must refer to one of the sections in the income tax resolution in order to associate my argument with the succession duty act. I think the minister missed that part of my statement.

[Mr. Macnaughton.]

Mr. Chevrier: He was preoccupied.

Mr. Crestohl: It is quite all right but I think if he hears my statement he may find it helpful rather than critical. A husband in the province of Quebec who desires to transfer a $10,000 interest to his wife under that section of the income tax resolution can certainly do so but under the laws of the province of Quebec where husband and wife are common as to property he cannot do it. In other words, we in the province of Quebec feel that because we are a community as to property province—I can see the minister is a little uneasy but he does not have to be.

Mr. Fleming (Eglinton): I wish to proceed with the resolution before us. I do not wish to have disputes over points of order. With all respect to my hon. friend, up to this point he has not shown any relevancy to the matter of estate duty.

Mr. Crestohl: I certainly will.

Mr. Fleming (Eglinton): I fully expect that my friend will be raising this question when we come to the sixth paragraph in the resolution respecting changes in the Income Tax Act.

Mr. Crestohl: But it might be too late then because the $10,000 under the system in the province of Quebec, where there is community as to property, will revert to the succession and that is why I want to tie it in. In the province of Quebec the husband and wife who are common as to property will lose the benefit of having such a transfer made. In that province no gift can be made by a husband to his wife who is common as to property. I have examined the matter rather carefully.

Let us assume that the husband does make a transfer of title to his wife. The wife may later be prejudiced in this way. When the husband dies the wife will not be the owner of a half interest in a $20,000 home because she will not have title to the $10,000 which her husband gave her under the Income Tax Act. Therefore the amount will revert right into the succession. As a result genuine prejudice is suffered there.

Let me put it in figures. Let us assume there is a $100,000 estate. If the wife had received what she thought was a gift of $10,000 from her husband under the Income Tax Act provision she would be left with a $90,000 estate because the estate would be depleted by the $10,000 which the husband had given to his wife. Assuming there are no children, the wife is entitled to a $60,000 exemption. There would then be an estate of $30,000. But if it is later found that the transfer of the gift to the wife, who is common as to property, is void there will be a $40,000

estate that will be taxable. I am simply pointing out to the minister that I think that matter will require very serious study.

If the peculiar situation in the province of Quebec with respect to husbands and wives who are common as to property has been given consideration, then the problem will be solved, but I simply rise to draw the minister's attention to the fact that there is that danger in the province of Quebec. Estates generally may be $10,000 greater. They cannot be any more because the gift cannot exceed $10,000 but the value of the estate may be $10,000 more when the deceased really thought he had given his wife a gift of $10,000 thus reducing his estate by that amount. That is the only observation I want to make to the minister.

Mr. McIlraith: Does the minister want to deal with the point?

Mr. Fleming (Eglinton): Not until everybody has finished speaking.

Mr. McIlraith: I regret that the minister did not see fit to make a fuller statement in introducing the resolution. I say that because in his budget speech when he tabled the resolution he set out the procedure he proposed to follow and pointed out that the resolution would afford the house an opportunity for debate on the general principles underlying the proposal.

My difficulty is this. Legislation on this subject was first proposed by the former government. After the election of June 10, 1957 a resolution and bill were introduced, the bill being presented for study by members of the House of Commons and the general public, a procedure that I think was quite appropriate in the circumstances. But we are now in the position that we are in the committee stage on the resolution preceding the new bill which we have not yet seen. The advantage of being in committee is that it is possible to ask the minister questions and to approve or reject the principle—I am quite sure it will be approved—of having a new bill brought forward for examination and action by the house.

However, we are left in the position that when the house adopts the resolution it will have approved a principle about which it has not been given information by the minister presenting the measure. If we treat the matter on the basis of the bill introduced last year, we then find ourselves discussing a bill that may or may not be the one coming before the house, but if we do not attempt to discuss that bill we lose our right to ask the minister questions until after we have approved the principle of the new estate tax bill and it has been presented for second reading and referred to the banking and commerce committee.

Therefore the fact that the minister has made such a brief statement leaves the house in a bit of difficulty. I should like to ask the minister if he would tell us at this stage whether or not there are any material changes in the principle affecting allowances for the amount of duty payable to the provinces because that would be an important departure in principle with respect to the financial arrangements.

There is also one point that bothers me considerably. The whole principle of the act now in force is based on a concept that I think members of the house and certainly former governments were very careful to preserve, namely the recognition of the family unit as the basic unit in our social structure.

Whatever weaknesses the years of experience with the former dominion succession duty act showed, and weaknesses were revealed over the years by administrative experience, I think all hon. members would agree that that principle of making special and advantageous provision for those persons to whom the decedent was obligated by reason of family relationships was a good principle. This principle was observed in the bill introduced last year to the extent that the amount of exemption allowed in any estate was increased where there was immediate family relationships, but that was departed from when they dealt with the rates of duty.

I think the minister at this stage would wish to clear up the point as to how far the bill he proposes to introduce when this resolution is passed preserves that principle, because that is a principle that should be dealt with at the resolution stage. I trust he will not mind me asking him to clarify that point at this stage. I believe that principle is really quite important, because the more one works and concerns oneself in the House of Commons with the issues that arise here from day to day, whether on this type of measure or a defence measure or whatever it may be, the more he is impressed with the fact that the type of struggle arising in the world today is concerned with this basic concept. All members will I am sure agree that we should concern ourselves with attempting to deal with our legislation in a way that will preserve and strengthen the family unit as the basis of our social structure.

I trust the minister will not mind my stressing the point a bit at this stage. I wonder if the minister would care to indicate any other changes in principle in

the legislation he proposes to introduce. Perhaps I could give him an opportunity of dealing with these points before going farther, because it may not be necessary to go farther at this stage.

Mr. Fleming (Eglinton): A few points have been made, Mr. Chairman, in the course of remarks by hon. members. Let me say, in the first place, that discussion of the terms of Bill No. 248 as introduced at the last session is not particularly profitable at this point until the house has the new bill before it. Of course, it will have ample opportunity of discussing the terms of the new bill on second reading, and again in committee. I said in my earlier remarks that a substantial number of changes have been introduced into this bill as compared with Bill No. 248 of the previous session.

The hon. member for Ottawa West has talked about the principle. Here we are dealing not with the bill on second reading where the principle is the matter upon which the house is called upon to decide; at this point, in committee of ways and means, with a resolution before the committee, the committee is not asked to pass on the terms of the bill in any respect. Therefore, Mr. Chairman, discussion of the terms that may or may not be in the bill is, I think, anticipatory at best and profitless under any circumstances because there will be a proper stage for discussion of those matters after hon. members have the terms of the bill before them.

The hon. member for Ottawa West said that the principle of the estate tax had been introduced by the former Liberal government—

Mr. McIlraith: No, I did not mean to convey that impression.

Mr. Fleming (Eglinton): Then we are not at cross-purposes. The bill had been worked on in the department before the change of government, but had not been introduced by my predecessor. However, the kind of bill that had been prepared, but had never been introduced, was a bill embodying the estate tax principle.

Mr. McIlraith: Just on that point, and before we leave it, the previous government had not approved that principle. The departmental people had been preparing a bill, and I do not believe the minister would want to leave the impression the previous government had dealt with the principle and approved of it.

Mr. Fleming (Eglinton): I did not raise this point. My hon. friend raised it. I am simply putting the record straight with regard to the part played by the former government in the matter. My statement stands in that regard.

The hon. member for Assiniboia raised a question in regard to the effect of the present measure on the fiscal revenues accruing to the provinces from the succession duty. This bill and the present Dominion Succession Duty Act have no terms in them bearing directly on this question at all. It is the Federal-Provincial Tax Sharing Arrangements Act which governs that question, and that statute does make provision for the proper allocation of the yields from the succession duty—I am paraphrasing the legislation—or in effect any substituted tax. When this new bill is enacted, and the new type of tax comes into effect, the yield from it will be dealt with in the light of the provisions of the tax-sharing agreements act in the same way as the yield from the present succession duty.

There will obviously be some slight diminution in the yield to the eight provinces which have rented the succession duty field to the federal government as a result of the reductions in the yield under this present estate tax as compared with the succession duty. Those reductions, in the case of any particular province, will not be particularly large when one has regard for the figures I have already given to the committee concerning the total diminution in the expected yield from this tax as compared with the yield under the present succession duty act.

Finally, Mr. Chairman, in regard to the procedure in the committee, to which the hon. member for Kenora-Rainy River referred, of course the briefs that were submitted by the national organizations will be available to the committee and the departmental officials will be there to discuss them. The bill will make clear to what extent the various submissions have been adopted in the bill and to what extent they have not been adopted, and of course the minister will be there to explain, if he can, why that course was followed and to defend the course that the government has taken in framing the legislation in the terms in which it will appear when the bill is introduced.

Mr. McIlraith: Perhaps I might not have succeeded in making myself clear to the Minister of Finance, and I regret that I did not. I was not intending to claim that the Liberal government had introduced a new bill replacing the Dominion Succession Duty Act. As I understood the situation, considerable work had been done on drafting a new bill to be introduced. It was stated by the Liberal government that they intended to introduce a new bill on this subject replacing the Dominion Succession Duty Act.

I am quite sure that he would want the record to be clear on that matter.

Mr. Fleming (Eglinton): That is correct; and that bill which we found in the departmental files and which had been prepared by the former government is one that embodied the estate tax principle.

Mr. McIlraith: That is precisely the next point that I am coming to, Mr. Chairman. The minister now makes the statement that he found in the department's files a bill that had been prepared involving the estate tax principle. At that point I think it is only fair to hon. members to have them understand—and I am sure they will agree—that that bill was not before the cabinet for approval in principle at all. That was the work of departmental employees in preparing a bill for submission to their minister and for submission presumably by the minister to the cabinet and for introduction to parliament. By his remarks I would hope he does not mean to present the implication that the former government approved the estate tax principle because, as I understand the matter, it had not been fully dealt with. It may well be that they would have approved it. I am not suggesting that. However, I want to have the record straight as to what the position was.

In my remarks a few moments ago I was extremely careful to make it clear that I did not want to discuss the bill introduced by the minister last session, namely Bill No. 248. I thought the minister followed a commendable procedure in introducing that bill and in presenting it as he did for public examination and criticism or suggested amendment. I commend him for that procedure. But our difficulty today is that we can not discuss that bill and in my remarks I was careful not to discuss it. The resolution before the house—and may I say, Mr. Chairman, that we are back in the position of not having insisted on your reading it at the start of these proceedings; it is unfortunate that it was not read—is as follows:

> Resolved, that it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify the tax law.

My point is this. The proceedings now before the house consist of the minister asking the house to approve or to decide that it is expedient to introduce this new measure doing away with an act that follows a certain principle of taxing property passing on death—whatever the virtues of the act—it was based on the principle of a high recognition of the family concept of social structure in this country. To replace it by a new estate tax which provides that the tax on property passing or deemed to pass on death be computed by reference to the property comprising the estate rather than the property contained in the bequests from the estate to the beneficiaries is now proposed by this resolution.

We are not asking for the details of the bill he proposes to introduce. But before we can intelligently decide whether or not it is expedient that he be enabled to introduce his bill I respectfully suggest that we are entitled to know the extent to which the new bill will depart from that principle and only the extent to which it does depart from it. I do not expect him to give the provisions of the bill at all. However, I say that before he can get approval of this resolution he ought properly to give us that bit of information.

It can be very simply given. We know what it is in Bill No. 248. I mentioned what it was in Bill No. 248. That bill retained it in part and departed from it in part. I should like to know what will happen in the legislation he proposes; because if this principle of taxation is changed, then that is the matter this house is passing on in debating this resolution.

Mr. Crestohl: I should like to ask the minister, from the reading of this resolution, whether the intention is to tax all property which passes on death, whether the property is located in Canada or out of Canada and whether the property out of Canada was earned out of Canada. I should like to know whether it was the intention of the minister to include all that property which is not now as fully covered under the succession duty act as it would be under a new act.

Mr. Fleming (Eglinton): My hon. friend's question relates to the terms of the bill rather than the terms of the resolution. I well appreciate the fact that individual members have individual questions which are of considerable interest to them with respect to what may be found in the bill. The hon. member for Ottawa West has indicated a matter in which he is particularly interested to know what the bill provides.

Mr. McIlraith: No, Mr. Chairman—

Mr. Fleming (Eglinton): My friend the hon. member for Cartier is asking a question not about the terms of the resolution but about the terms contained in the bill to be introduced following adoption of the resolution. With respect, Mr. Chairman, I suggest that the way for hon. members to satisfy their

legitimate interest in the terms of the bill is to pass the resolution and let us introduce the bill. They are not tying their hands in any way as to questions of principle. There will be opportunity afforded on second reading for discussion of the principle of the bill.

Mr. McIlraith: No questions can be asked then.

Mr. Fleming (Eglinton): The resolution is in limited terms. All that the house is being asked to do by the resolution is to approve the introduction of a measure in the terms of the resolution. Beyond that, the questions obviously relate to the terms of the bill. With respect, Mr. Chairman, I suggest that that is not the function of the procedures provided by the rules of the house for consideration in committee of ways and means on the resolution at this stage. Those questions will all find their answers very readily in the terms of the bill when it is introduced.

Mr. McIlraith: I think I must pursue the point a bit further, Mr. Chairman. I am not interested at this stage in the terms of the bill. We will get those in due course. I am interested in the resolution which says:

> That it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries;—

And so on. So that there will be no doubt in the minister's mind about it, may I ask him this question about the language in the resolution, and I quote it:

> —be computed by reference to the property comprising the estate of the deceased—

Does that language include a reference to the relationship of the beneficiaries or does it include only a reference to the amount of property passing? Surely there can be no doubt of the relevance of that question. I have read the language right from the resolution.

Mr. Fleming (Eglinton): That question can only be answered by reference to the bill and not simply a general reference to it. It would mean a detailed reference to the terms of the bill. I ask my hon. friend to let us bring in the bill. He will have the complete answer to his question in the detailed terms of the bill.

Mr. McIlraith: The point is rather interesting, Mr. Chairman. The house is being asked to decide whether or not it is expedient that the minister be enabled to bring this bill before it, a taxing bill. In three or four sentences the resolution sets out exactly what they propose to do. We are entitled to have information about all the taxing aspects of it. We are entitled to have information as to the words used and what he intends them to mean. It is quite true that we could get the bill and read it and determine the principle involved but at this stage I would point out that we cannot ask the minister any questions prior to debating second reading of the bill, and it is our right to ask the minister questions that is the whole purpose of this proceeding.

Mr. Crestohl: With great respect, I wish to point out to the minister that I was not asking for information as to what might be in the bill. I was asking for an interpretation of some words in the resolution, what do they mean: "Tax on property passing or deemed to pass". I want an interpretation, and this could influence my decision as to whether or not I was in favour of the general principle of a resolution of this kind. Is it intended to include property located or earned outside of Canada?

It is a simple matter of interpretation of language in the resolution. It speaks of property; does that mean all of the property of the deceased or all of the property of the deceased which is located in Canada?

Mr. Fleming (Eglinton): My hon. friend is well acquainted with the provisions of the present Dominion Succession Duty Act which purports to tax the estate of a deceased person who had a Canadian domicile, wherever his property might be located, inside or outside of Canada. Obviously the measure the house is now being asked to permit us to introduce is one which will provide rules with reference to the determination of what is the taxable estate of a deceased person who had a Canadian domicile. The bill will have to provide, and does provide, as does the Dominion Succession Duty Act, for the taxation of property in Canada of persons who have died and who had a domicile outside of Canada. Any measure of this kind has to take into account both these cases, just as does the present Dominion Succession Duty Act. The resolution about which my hon. friend asks refers to property, and obviously a bill of this kind would be quite incomplete if it did not make provision for both these cases. This bill will do so.

Mr. Regier: The minister will be surprised that I have some nice remarks to make about him for a change. I am very pleased to be able to congratulate the minister and the government upon the manner in which they are approaching, not only this problem but one or two other problems.

We had for too long a government which had made up its mind to follow a certain course of action and regardless of the reaction of the Canadian people to its proposals insisted on not allowing any amendments

along the way. I have in mind particularly the present government's proposal to introduce a bill providing for the humane slaughter of animals and this bill dealing with estate tax. The intention of the government was announced during the last parliament and the government waited for public reaction to make itself felt and I feel that this is a particularly progressive move under our democratic system.

Mr. Benidickson: That is not new. What about the Criminal Code and other big measures?

Mr. Regier: I am not saying the former government never did this, but in the main its attitude was that it had all the answers and the general public had to depend for its salvation on the wisdom of the boys in the back room. I hope in the years ahead we will see the adoption of similar procedures in many other measures.

I noted with appreciation the answer of the minister to the hon. member for Assiniboia. Unless I misunderstood the minister the provincial revenues have to pay a part of the $7 milllion loss of revenue which the federal government anticipates. In other words, the amount of money available to the provinces under the tax rental sharing agreements will be slightly reduced. I wonder if the government is able to inform us as to approximately how much of the anticipated $7 decline in revenue will have to be borne by the provinces in the form of reduced payments to them and, if he has the information available, I would like a breakdown by provinces. The actual breakdown could be left for the meeting of the banking and commerce committee. However, out of the $7 million, is the minister able to indicate how large a burden will be borne by the provinces?

Mr. Fleming (Eglinton): Not precisely. The figure of $7 million is an estimate. The Federal-Provincial Tax-Sharing Arrangements Act provides for the sharing of the yield from the succession duty on the basis of 50 per cent going to the province concerned. My hon. friend will recall there is a different situation respecting the provinces of Ontario and Quebec, which provinces still collect their own succession duty and, so far as we know, will continue to do so. I am afraid it is not possible, therefore, to give to my hon. friend anything which could purport to be an accurate estimate and I am certainly not in a position to do so at the present time.

Mr. Regier: It is about half?

Mr. Fleming (Eglinton): That fifty per cent would apply with respect to the eight provinces, but I would have to have more information concerning the present figures on the accruals in Ontario and Quebec and the effect of the deductions permitted under the present succession duty act before attempting to make a comparison or to carry the figures further than I have already done.

Mr. Argue: I think the statement of the minister that part of the $7 million will be an expense to the provinces, because of action taken by the federal government, is a very disturbing one, and that it puts the provinces in a very difficult position to have a certain level of revenue assured to them at a time they sign a tax-sharing agreement and then to have that revenue reduced as a result of subsequent action by the federal government. I feel this is a very bad principle which if carried too far, would lead to a worsening of federal-provincial relations.

In my belief, the principle applying, as I understand it, under the act to income tax agreements, whereby if the federal government reduces income tax the revenue to the provinces is nevertheless guaranteed, is the right one. I have the acts in front of me and I am certainly in favour of the provision but this is a very bad practice and a very bad principle, I would think, where the federal government is taking an action—albeit a very popular action in the minds of the public—as a result of which the provinces bear half the cost. I would hope, therefore, that in the future in agreements with respect to the sharing of taxes the provinces' income will be assured and if the federal government decides, on its own volition, to reduce the general level of taxes that there would be taken subsequent federal action to maintain the revenues of the provinces. I think this is a very reasonable suggestion because of the well-known fact that the federal government collects the bulk of the taxation revenue in this country. I believe it is something like 70 cents out of each taxation dollar.

We shall have something further to say on this point when the minister has more detailed information but I might say to him that, as far as the result of this move is concerned, we feel it is a very serious matter and that steps should be taken to maintain the revenues of the provincial governments, particularly at a time when there is a general economic recession and provincial revenues, in some cases at any rate, are likely to fall very considerably.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has, I think, completely overlooked the fact that the stabilization principle, as written into the Federal-Provincial Tax-Sharing Arrangements Act, applies to the yield from succession duty as well as personal income tax and corporation tax. In the

second place, the parliament of Canada could not at the time of entering into a tax-sharing arrangements act bind itself to make no change in the future in either the nature of the succession duty or the rates, any more than it could bind itself for the five-year period with respect to the provisions for the rates applied under the Income Tax Act. The legislation embodied in the tax-sharing agreements act takes that quite plainly into account in recognizing that the 50 per cent portion to which the provinces are to be entitled in the event of renting the succession duty field to the federal government is the yield from the succession duty or from any substitute tax in the field of impositions in the case of death.

Mr. Crestohl: After the minister's various explanations I am now satisfied with the resolution, and some of the questions I had in my mind have been answered. But I should like to ask him what is the purpose of the words "and also to consolidate, revise and simplify the tax law". If we are now discussing a resolution by which we are doing away with the old law and introducing a brand new law, what is there left to consolidate, revise and simplify? There is no old law and no old regulations. There may have been a great many which required consolidation or revision, but since we are doing away with them, what is the purpose of the words I have quoted? I like to rely on the rule of ordinary interpretation, that some meaning should be given to language rather than no meaning. What is the meaning of these additional words?

Mr. Fleming (Eglinton): I think the hon. member on reflection will realize that the proposed measure cannot and should not repeal the succession duty act. That act must still continue in effect to govern the taxation of estates of all persons dying up to the date on which the new act is proclaimed to come into force, and the provisions of the old act must be continued until the assessment of all the estates governed by the old act has been completed for all purposes.

Some of the provisions of the Dominion Sucession Duty Act, as indeed some of the provisions of the proposed new bill, relate in particular to the extent and nature of the tax. They are the sections which embody, in the case of the present act, the succession duty principle and, in the case of the new bill, the estate tax principle. In both cases besides these essential provisions of either bill there must be a number of other provisions dealing with questions such as enforcement, collection, administration, and many other things which will readily occur to the hon. member, which must be written into any measure of this kind whether it is based upon the succession duty principle or the estate tax principle. In the clauses of the new bill there will be provisions of that kind and they will have application to estates which are governed by the new bill. But the present act will continue to apply in all respects to the estates of persons dying up to the date on which the new act comes into effect.

Mr. Benidickson: I wonder whether the Minister of Finance has read the answer given by his assistant deputy minister for taxation to the last question raised by the hon. member for Cartier, in the address to which I referred in my remarks? Dr. Eaton, in that address, put it this way—he quoted, of course, the resolution which was introduced prior to the first reading of the bill last session, and the resolution presented to us today is in the same wording—when he told a gathering of lawyers, as reported in the Canadian Tax Journal:

> This resolution seems to imply that the simplification job is confined to "those provisions of the present act that continue to be appropriate". Actually, of course, the main simplification follows from the major operation itself, the hysterectomy which removed from the law the principle which with such fertility gave birth to so many problem children.

Mr. Argue: Mr. Chairman, before the resolution goes through, I have in front of me an act entitled the Federal-Provincial Tax-sharing Agreements Act, 1956, and subsection 2 of section 3 outlines what has to be done if there is any change in the federal government's rates of succession duty. I know the minister is very much aware of this section, which reads in part:

> Where from time to time by reason of a change in the rates of tax or in personal exemptions or allowances for dependants as defined in the regulations, the effective rate of individual income tax or of succession duty differs from the corresponding effective rate applicable—

And then certain dates are listed—

> —the minister shall alter the standard individual rate or the standard succession duty rate, or both, as the case may be, in relation to the corresponding effective rate, so that the ratio of the new standard rate to the former standard rate varies inversely with the ratio of the new effective rate to the former effective rate.

I take that section to mean that if the rates are changed under the succession duty act so as to lower by this means the amount of money which is paid to the provinces, there is compensation made as a result of this section in order to maintain the payments to the provinces. However, if there is a change in the act itself and a new act, another type of act, is substituted, then this provision does not apply. Certainly, on the minister's own statement, one of the results of what is now being done will be to reduce revenues to

provinces which have tax-sharing agreements with the federal government, and again I protest this result. I suggest to the minister that an appropriate amendment should be made in the bill to maintain the revenues of the provinces which have signed tax-sharing agreements.

Resolution agreed to.

Resolution reported and concurred in.

ESTATE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-37, respecting the taxation of estates.

Motion agreed to and bill read the first time.

WAYS AND MEANS

The house in committee of ways and means, Mr. Sevigny in the chair.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:

1. That amounts paid after June 17, 1958, for drugs and medicines which have been prescribed by a medical practitioner and recorded by a licensed pharmacist be included in the medical expenses that are deductible in computing taxable income.

2. That amounts paid after June 17, 1958, for eyeglasses, artificial eyes, laboratory or other diagnostic services or transportation to or from a hospital by ambulance be included in the medical expenses that are deductible in computing taxable income.

3. That for 1958 and subsequent taxation years the maximum amount deductible by corporations for contributions to charitable organizations be increased from 5% of income to 10% of income.

4. That the rate of interest payable to taxpayers on overpayments of tax for 1958 and subsequent taxation years be increased from 2% to 3%.

5. That the two year period within which a taxpayer may apply for a refund of an overpayment of tax for a taxation year be increased to four years from the end of the taxation year.

6. That for 1958 and subsequent taxation years a gift to the spouse of a donor of real property to be used by the donor and the spouse as their home, or a gift to a child of the donor of farm real property to be used in farming operations carried on by the child, or by the child and the donor, shall be exempt from gift tax to the extent of $10,000, provided that no such exemption shall apply more than once during the lifetime of the donor.

7. That the amount by which any gift tax paid on a gift made within three years prior to death exceeds any succession duty or estate tax subsequently imposed in respect of a death after June 17, 1958, on that gift under any act of the parliament of Canada will be refunded.

8. That with effect after June 17, 1958, the exemption from the tax on income of non-resident persons now granted in respect of dividends paid by a non-resident-owned investment corporation be changed so as to apply only in respect of dividends paid after the time when the corporation has paid out dividends which in the aggregate equal the undistributed earnings accumulated by the corporation in years when it was not a non-resident-owned investment corporation.

Mr. Benidickson: Mr. Chairman, has the minister any amendments in contemplation?

Mr. Fleming (Eglinton): Mr. Chairman, there is a slight amendment in the first paragraph of the present resolution. I feel it might facilitate the orderly discussion of the present resolutions, if it were agreeable to the committee, if we were to take up the resolution paragraph by paragraph. We have before us just the one resolution to amend the Income Tax Act. The eight paragraphs that follow are all part of one resolution. If it meets with the approval of the committee I am sure it would contribute to orderly discussion if we were to proceed paragraph by paragraph. If it meets with your approval, Mr. Chairman, I will now speak to the first paragraph to which there is an amendment.

Mr. Benidickson: Mr. Chairman, I had a few remarks to make but I thought if there were any amendments to be made to the resolutions we would at least have the dinner recess during which to think about them. Apart from that, I will go on with the general remarks I had in mind.

The Chairman: Is it agreeable to the committee that the resolution before us be taken paragraph by paragraph?

Mr. McIlraith: Not yet, Mr. Chairman. Does the minister propose to make a general statement before adopting the procedure of taking the resolution paragraph by paragraph?

Mr. Fleming (Eglinton): No, sir.

Mr. Benidickson: Well then, Mr. Chairman, as the committee knows we are now in the second stage of our budget procedure, having concluded an eight-day debate. At this point I propose to be consistent with the stand I took in the past that remarks must be related to the statute the resolution refers to, namely the Income Tax Act. When one realizes that we are considering in the committee of ways and means resolutions which only affect either personal income tax or corporation income tax to the extent of $1 million for each category in fields that involve the raising of revenue in excess of $3 billion, one must conclude that some of the attempts to dub the budget in general have now proven true and appropriate and the ones that probably appeal to me most after the event, and I think particularly in relation to this statute, are such appellations as the "hope to God" budget—

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. It is obvious that my hon. friend is about to embark on a discussion of the budget in general. In accordance with the rules of the house we have had an eight-day debate on the budget.

The budget has been adopted and what is now before the committee is a resolution in these words:

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:—

Then are set out eight paragraphs indicating specifically in each case an amendment to the act. The rules of the house set an eight-day limit on the duration of the budget debate for a purpose. Surely the plainest way to undo the effect of the rules of the house is to allow in committee of ways and means another budget debate. My hon. friend has gone far enough already to have indicated quite clearly that he wants to discuss the budget—

Mr. Benidickson: Not at all, Mr. Chairman.

Mr. Fleming (Eglinton): My hon. friend started out by calling the budget by various names.

Mr. Argue: Why not call the resolution by the same names?

Mr. Fleming (Eglinton): Whatever may be said about my hon. friend's appellations of the budget in the proper place, which is obviously in the house, it is clear that the house has passed that stage of discussion and we now have a resolution before us. The debate should now proceed with due regard and be relevant to the terms of the resolutions before us and this should not be made the occasion of another budget debate.

Mr. Pearson: Mr. Chairman, apparently the minister does not desire to make any general remarks himself on this resolution which covers the whole question of the income tax aspect of the budget. He prefers as is his right—although I suggest it is not normal practice—to discuss the resolution paragraph by paragraph. My friend the hon. member for Kenora-Rainy River, as is his right, wished to make general observations covering the whole income tax aspect of the budget which is now covered by this resolution. I suggest that he is entirely in order in following that course.

Mr. Benidickson: Mr. Chairman, not only do I feel that I am in order but I have taken the care to read very carefully the debates that have taken place at this stage in the last three years since the rules were amended and I recall very definitely that from time to time my hon. friends when they were on this side of the house did attempt to question the balance of ways and means and the likelihood of there being a surplus or deficit and matters of that kind and the Chairman very properly called them to order. But in all of those debates on the resolution stage I find that there has been no restriction whatsoever, if one refers not only to the items that are in the resolutions but also to subjects that one might expect to have found treated in the resolution and were not. That is what I had in mind when I introduced my remarks and said that with respect to the changes in the income tax aspect there seems to have been what might be described as "cross your fingers" type of planning with respect to income tax because only $1 million is contemplated in this resolution as a reduction in personal income tax and $1 million on corporation income tax.

This brings me to express the surprise that many people not only in the house but in the country will have with the recommendations the minister is advancing here. We all recall what a great champion he was for tax reductions. We are faced today with this very minimal performance and I feel I have every reason and every right to present to the committee at this stage what I believe is the very changed appearance in my hon. friend the Minister of Finance and even in his leader because they certainly appear to be very dry-eyed today with respect to the taxpayer.

Before I proceed may I say that I will not be the only one in this house who regrets that the hon. member for Carleton is not able to officially sit beside the Minister of Finance. I felt that when he spoke so eloquently in the budget debate on June 20 he was certainly preaching for a call or a recall but it does not seem that so far the whistle has been provided. However, it was indeed a very effective speech. The only criticism that I would make of it was that following the first two speakers, including myself, it was so obviously a prefabricated speech and so well prepared that it could be understood why it did not fit—

The Chairman: Order. I regret to interrupt the hon. member but actually at this time we cannot go back to the budget debate.

Mr. Benidickson: I will conclude my sentence and say that it did not fit the arguments he was attempting to knock down.

Mr. Fleming (Eglinton): The Chairman is on his feet.

The Chairman: Order. I wish to carry on with my statement. At present we are discussing a resolution affecting the Income Tax Act. We can talk about it in general terms provided the discussion bears on the items appearing in the resolution, some eight clauses which will eventually be dealt with one by one. I must bring to the attention of the

committee standing order 59, paragraph 2 of which reads as follows:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Therefore I would ask the hon. member to confine his remarks strictly to the items being discussed at present and not refer to the budget debate.

Mr. Benidickson: I am referring to the Income Tax Act, with some digression, of course, with respect to the hon. member for Carleton. It is my purpose to confine my remarks to the whole Income Tax Act. That, I think, is the standard practice and privilege. It certainly was the practice of my hon. friends.

Mr. Fleming (Eglinton): Not at all.

Mr. Benidickson: Indeed it was, sir. I have checked very recently my hon. friend's own remarks, those of the present Prime Minister and those of the hon. member for Greenwood and others in the last three years in their opening speeches on the budget resolution with respect to income tax, and my words will certainly be confirmed if my hon. friend will also check.

Mr. Fleming (Eglinton): Mr. Chairman, if the hon. member is making an observation on the point of order that you have raised, I think this is the situation. In times past ministers of finance have at this stage taken objection to any digression from the terms of the resolution or matters related to the resolution so as to be relevant to the terms of the resolution. I think that is the rule fairly stated. In previous sessions when hon. members have sought to take advantage of the calling of a new resolution to embark upon a general discussion, to reopen the budget debate or to make observations that they wished they had made during the budget debate and things of that kind, the chairman has ruled them out of order. With respect, Mr. Chairman, if my friend is now assuming to discuss any matters affecting the Income Tax Act regardless of the terms of the resolution before the house he is clearly serving notice that he is going to embark on a course that is strictly out of order. I submit to you, sir, that the rule you have read governs the present situation and that my friend should confine his remarks to the resolution, that is to say, matters contained in the resolution or matters related by relevancy to those that are contained in the resolution.

Mr. Benidickson: Mr. Chairman, I reiterate that never in the last three years has objection been taken by previous ministers of finance if the discussion was related to the act which the resolution now before us indicates is to be amended. There has always been an opportunity to refer at this stage, not only to the particular paragraphs in the resolution before the committee but to certain aspects of the resolution or additions to it that could very well be included.

As the minister himself has said, this is one resolution with several paragraphs. I think that any member has every right to indicate that the resolution is incomplete, that one would have expected certain other items to be included in the paragraphs of the resolution. It is to that point that I propose to address myself in all confidence that I am following the usual procedure even more carefully than my predecessors did as critics in recent years when they were on this side of the house.

As my first point I would say that I think everybody was very surprised, having regard to the forthright position taken by the minister in times past, that there was nothing in the resolution to indicate a change in the present personal income tax exemptions. My hon. friend has been very zealous in the past in this respect. I recall that in 1956 he wasted no time at all in indicating that the government should be giving consideration to this very thing in that year. In fact, in the debate on the speech from the throne on January 24, 1956, at page 474 of *Hansard*—

Mr. Fleming (Eglinton): On the point of order, Mr. Chairman. I hope we can iron out this difference now for the benefit of discussion in the house. No one wishes to be raising points of order all the time but it seems to me that this matter needs to be clarified from the chair and that my friend should be asked to confine himself to what is relevant and proper to discuss at this point. My friend is proposing to enter a field which was properly discussed in the debate on the budget, but there is nothing in the resolution now before us that relates to the subject of exemptions. My friend is not now alluding to what has been said even this year, even in previous discussions in committee of ways and means on budget resolutions. He is going back now to the debate on the speech from the throne a couple of years ago. I thought he was relating his remarks to the point of order.

It will be remembered, Mr. Chairman, that remarks concerning exemptions have been relevant on some of these other occasions because there were resolutions affecting exemptions. For instance, a year ago there was a change in exemptions. A flat exemption of $100 was provided in lieu of charitable donations, union dues, etc. at the

option of the income taxpayer. But, Mr. Chairman, if my friend is asserting a right to discuss anything that is in the Income Tax Act regardless of whether there is any reference to it in the present resolution, then he is asserting a right to discuss almost every subject under the sun because there are few acts as broad in their scope as the Income Tax Act. It is obvious that we are going to be here a long time if my friend is going to enjoy that measure of unrestricted freedom of debate.

Mr. Pearson: Mr. Chairman—

The Chairman: Once again I must bring to the attention of the members that it is my duty to ask for the co-operation of hon. members in respecting the standing orders of the house. On the matter of relevancy standing order 59 (2) is quite clear. It reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

We have before us a resolution dealing with certain changes in the Income Tax Act and at present hon. members must speak only on the items contained in the resolution. In my opinion it is out of order to speak about anything else not contained in this resolution. With regard to exemptions under the Income Tax Act, I must also bring to the hon. member's attention the fact that on June 26 an amendment proposed by Mr. Argue and seconded by Mr. Herridge was negatived.

This amendment actually read as follows:

This house further regrets that the government contemplates no action at this session to recognize the loss of purchasing power to the majority of Canadian citizens because of the lowered value of the dollar as related to consumer goods and prices, by amending the Income Tax Act so as to raise the amount of permissible income to single and married persons without taxation.

This amendment was negatived on June 26, and consequently it is out of order to discuss exemptions now.

Mr. Pearson: May I say a word on the point with which you have been dealing. As the minister has pointed out to us, the debate on the budget covered the whole field of fiscal policy. We are dealing with a resolution now which covers one important aspect of policy on the Income Tax Act. This resolution reads:

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:

Then there are eight paragraphs which follow. It has always been considered in order, on a resolution of this kind, to discuss not only the specific terms of the resolution but the inadequacy of the terms of the measure which is contemplated in the resolution.

I suggest that if that were ruled out of order that would be a limitation on debate in this house in respect of the resolution, which certainly has not been imposed while I have been in the house. I respectfully call this consideration to your attention.

Mr. Crestohl: On the point of order, may I ask why we try to avoid giving interpretation to the words "among other things", to which my leader has called attention. This resolution introduces a measure to amend the Income Tax Act, not only in respect of these eight items but in respect of other things. I respectfully submit, Mr. Chairman, that as long as we are debating a resolution with respect to the Income Tax Act we should be permitted to deal with the other things that might be introduced. Earlier today when I tried to make some reference to the Income Tax Act when we were debating the Dominion Succession Duty Act I was called to order by the minister.

I respectfully submit that we are now discussing the Income Tax Act and I do not believe standing order No. 59 interferes with a discussion of other things relative to income tax. I respectfully submit that the words "among other things" are in the resolution and you must give them some meaning, some latitude, rather than trying to confine the debate within certain limits. We do not want to discuss the question of closure again.

Mr. Argue: The terms of this resolution, Mr. Chairman, are very broad. It has been the custom in this house, whenever a resolution as broad as this one has opened up a certain act for amendment, to give members a good deal of latitude in the remarks that they make. Otherwise discussion is stifled and the will of the house is difficult to obtain. I think the minister has a point in that if a member stood up and claimed the right to spend all of his 30 minutes discussing an increase in income tax exemptions, which is not included in the resolution, it could be considered that he was out of order. But surely when the resolution is, in many respects, aimed at reducing income tax in certain ways, it should be in order for members to say that included in this resolution there should have been other provisions. So far as the decision of the house in the last session is concerned and its effect on the debate at this time, I would point out with great respect that the decision of the house on a motion of substance in one session cannot bind the house in a subsequent session. Therefore any decision of the house in reversing that motion has no effect whatever today.

I do not know what the intentions of the official opposition may be, but I think if the

minister would not jump in so quickly with points of order he would save himself and the committee a great deal of time. I feel that the reasonable and sensible thing to do is to give the hon. member for Kenora-Rainy River an opportunity to complete his remarks. I imagine that he is going to stay within the general framework of this resolution.

The Chairman: First of all, I wish to correct the hon. member for Assiniboia. The motion to which I referred was not made at the last session but during this session on June 26. Actually, there were eight days of debate on the budget during which hon. members were given a great deal of latitude to express their views generally on the Income Tax Act. We are at the moment discussing one particular resolution, and it is my duty to ask hon. members to try to stay as close as possible to the items which are relevant to this resolution. It is, of course, permissible for an hon. member to point out the inadequacies of this resolution. However, hon. members will surely understand that it would not be permissible for hon. members to cover the complete Income Tax Act.

It is my duty at the moment to ask hon. members to stay as close as possible to the relevant items under discussion. I, therefore, ask for their co-operation with respect to this particular matter. It is not my desire to call the hon. member for Kenora-Rainy River to order on each matter he discusses. It would be appreciated if he stayed as close as possible to the items now under discussion.

Mr. Benidickson: I think you have given a ruling that is in accordance with our past practice. In the first place, at this stage one has not unlimited time. One is only provided with 30 minutes, and certainly one could not cover the whole of the Income Tax Act. In that respect, as you have ruled, one has the privilege, on a resolution of this kind, of referring to certain inadequacies. I was suggesting that this resolution is all the more inadequate because of certain expectations that had been aroused, not only in the minds of hon. members but of the general public, by the new Minister of Finance who was introducing this resolution.

I was about to indicate that he has pointed out in past days that not only did he believe that income tax exemptions should be raised from $1,000 to $1,500 for single people, but from $2,000 to $3,000 for married people.

Mr. Fleming (Eglinton): My friend is going right ahead to do the very thing you have ruled should not be done. The house has expressed itself on the very point to which my hon. friend insists on referring, the subject of exemptions. On June 26 the house divided on an amendment to the main motion referring specifically to exemptions, and you will find the amendment in *Votes and Proceedings*, page 191. The amendment introduced by the hon. member for Assiniboia reads as follows:

> This house further regrets that the government contemplates no action at this session to recognize the loss of purchasing power to the majority of Canadian citizens because of the lowered value of the dollar as related to consumer goods and prices, by amending the Income Tax Act so as to raise the amount of permissible income to single and married persons without taxation.

This last clause refers to exemptions and nothing else, Mr. Chairman. The house, in the division that occurred on June 26, which is recorded on pages 191 and 192 of *Votes and Proceedings*, negatived that motion. With respect I suggest that that negatives that matter and precludes discussion by the committee at this present session of parliament.

Mr. Benidickson: Mr. Chairman, suppose I, without prejudice, yield on that particular point. In the few minutes that are available to me I could discuss some other inadequacies which I shall proceed to. I want to refer to some other expectations that I think all of us would have expected to find in the first budget of a new administration by the Progressive Conservative party.

One of the things that I think is regrettable is that there was no reference in the resolution to the Income Tax Act being amended with respect to accelerated depreciation at this particular time of decline in our economy. There was circulation of a questionnaire among the business men of Canada or the business firms of Canada by the tax foundation not long ago and they replied that, next to a reduction in taxes itself, the form of tax relief they thought would be most helpful to the economy would be to give a capital cost allowance on an accelerated basis under present conditions. I wanted to point out to the house that this relief was in fact provided in the last budget in Great Britain. There was a 25 per cent increase with respect to capital cost allowances in the coming years, and particularly at the present time, to encourage new investment and to be a perk-up to the economy. We see nothing of that kind in the resolution in front of us.

I do not know whether the minister proposes to have a public review of the act we are discussing. However, we all know that when he sat on this side of the house that was one of the things that he consistently and persistently advocated. We thought that there might be in these resolutions something to indicate that the Income Tax Act was going to be amended to take care

of much that we have heard about giving Canadians opportunities equal to those of foreign investors in developing the country's natural resources. In the past we have heard much about overdeduction of taxes at source. We see nothing in the resolution with respect to that matter. My hon. friend may say that some of these things can be taken care of simply in regulations. But I would have thought that in the resolution that we have pertaining to the Income Tax Act, if Canadians could have some hopes of his carrying out some of the suggestions and promises that he has made in the past, we would have had by now some notice about it.

I found very recently that in the United Kingdom—and I referred to their budget a moment ago—some steps had been taken with respect to foreign investment. I am told that since 1947 profits paid by foreign-controlled concerns in the United Kingdom to their parent companies have been treated as undistributed profits and taxed at only 3 per cent. A wholly-owned subsidiary of a Canadian concern that had been paying the standard British corporation tax of 42.5 per cent plus the 3 per cent profits tax from the last budget of last spring would henceforth be subject to a tax of 52.5 per cent. I do not know whether or not the minister is giving consideration to that matter; but certainly up to now we have had no reference to it.

The colleagues of the Minister of Finance have urged repeatedly in this house that depreciation should be doubled. We are all the more surprised that something of this nature has not been done. In addition to that, we have had the Gordon report and the commission have made reference to certain changes in the Income Tax Act that they thought would be helpful to Canadian industry vis-à-vis foreign investment. We see nothing about that matter in the resolution now before us or in anything that we have had from the minister in the debate that took place previously.

We would have thought that we could have some confidence in expecting these things all the more when we heard about the platform of the Conservative party. When they had their last national convention in 1956 we read in the Ottawa *Journal* that the present hon. member for Calgary South, won his case at that convention when he called for an amendment to provide tax concessions for Canadian oil and gas operators equal to those obtained by United States operators from the United States government. We see nothing with respect to this matter in the budget resolution that we have before us. I believe the convention at that time went on record as saying that they proposed to encourage national research by a more favourable tax climate. We read nothing about that matter in the budget resolutions nor is there anything from the other side to date in that respect.

The minister has indicated that this bill amending the Income Tax Act will probably be a substantial one. He was kind enough to tell me privately that it perhaps is the largest amending bill that the committee will have had before it for some time. I have no doubt that he will follow the practice of his predecessors and when presenting a bill of that consequence and intricacy, make it possible, not only for members of the house to be able to study its provisions but also the public. There is great advantage in not proceeding too quickly to second reading with respect to a mammoth bill of that kind because it is desirable that the public at large have an opportunity to learn of its provisions.

Mr. Fleming (Eglinton): I may assure my hon. friend that it is the intention to allow a sufficient period between first and second readings of the bill to afford hon. members as well as the interested public an opportunity to study the provisions of the bill.

Mr. Benidickson: We have a great number of new members. I think the house should be informed that there are some items which were referred to in the minister's budget speech—and which were, of course, given publicity in the press—but as to which we see no reference in the resolution before us. That is not contrary to custom by any means, Mr. Chairman. But one of these items is referred to at page 1243 of the minister's address. I refer to deductions for support of a dependent upon order of a court such as the family court. I am told it is not in the resolution because that is something possibly can be done by regulation or by amendment to the bill that we shall have coming before us.

Similarly, we see nothing in the resolutions before us with respect to working wives dividend incomes being allowed as a deduction for their husbands. That too is probably something that we are going to find in the bill when it is presented to us. Another item which received a fair amount of attention, and to which we find no reference in the resolution before us, was the reference to oil and gas producers being allowed a deduction for bonus payments in respect of exploration reservations. In my opinion, that certainly is something that even an amendment to the bill is not required for. It probably is subject to regulation.

Mr. Fleming (Eglinton): Oh, yes. An amendment to the act would be required for that purpose and the provision is contained in the bill.

Mr. Benidickson: Mr. Chairman, there are others who, I have no doubt, have some general observations to make and I am not going to address myself to even the particular item in paragraphs Nos. 1 and 2 dealing with medical expenses but I hope to do so later.

Mr. McMillan: Mr. Chairman, I am interested in the proposed changes in the Income Tax Act. Some of these changes I think are good. Others are minor. But none of them come up to the expectations we had when we read the minister's former speeches. I will try to stick very closely to the act. I remember when the former minister of finance was making a speech about two years ago he paid some tribute to the former prime minister and the present Minister of Finance said that the whole reason for that speech was to praise the former prime minister. He quoted Lord Lyttleton to the effect that there is no weapon that slays its victims so surely as well aimed praise.

I agree with the present minister's quotation. No one can deny that his praise was well aimed at the end of his baby budget speech. Yet he has survived. I do not think, however, in these budgetary resolutions that he has changed the position he previously held. The previous speaker referred to the resolution and I will try to deal with this matter item by item. Clause 1 has to do with the 3 per cent floor—

The Deputy Chairman: May I ask the hon. member if he wishes to speak generally or is the house now ready to go down paragraph by paragraph?

Mr. McMillan: Generally. I recall that a previous resolution was introduced to this house recommending the removal of the 3 per cent floor in relation to the deductibility of medical expenses for income tax purposes and on that occasion the present Minister of Finance said the positions of the various parties in the house were well known and that so far as Her Majesty's loyal opposition was concerned its position was unchanged and that the opposition would support the resolution. He went on at considerable length to argue that medical expenses should be deducted, not only in respect to the amount in excess of 3 per cent of the taxable income, and at that time he gave the history of this legislation. He stated that the floor had been 5 per cent and after some years had been reduced to 4 per cent and then to 3 per cent, and I know the hon. member for Hamilton West spoke at the same time in favour of the allowing of full medical expenses. Other hon. members who are now sitting on the treasury benches also supported the hon. lady's view, some of them including such expenses as transportation costs, nurses in the home, the conveying of patients from one point to another and many other expenses.

Paragraph 1 provides that amounts paid after June 17, 1958 for drugs and medicines which have been prescribed in writing by a medical practitioner be included in the medical expenses that are deductible in computing taxable income. I know of five or six drugs which are included in this category at the present time and I note that the bill provides for the inclusion of all drugs on prescription. In recent years new drugs, including particularly the broad spectrum of antibiotics, have been very expensive. In fact they cost from 50 cents to 75 cents a tablet, and a doctor does not need to give a prescription for many such tablets to make the bill run to $10 to $15. Many of our people, particularly those in the low income groups, cannot afford to pay these high prices.

Unfortunately this amendment does not help such people. It helps those in the middle and upper income groups. In my opinion it is just as necessary for low income groups to be provided with these special drugs, and I think the minister would be well advised to consider bringing down the cost of drugs, which he could do in a very simple way by eliminating the sales tax on drugs.

Mr. Martin (Essex East): They could be regarded as a necessity of life.

Mr. McMillan: Yes, I think such drugs are just as necessary as food in some cases because when there is a severe infection it is very necessary to have supplies of such antibiotics in order to save life.

The former minister of finance gave a $100 exemption to all those who did not have exemptions equalling that amount under charitable donations and medical expenses, and I am told that well over half our people came within this category. I notice that drugs must be prescribed in writing and I do know that a number of the non-narcotic drugs are prescribed over the telephone and that certain patients get repeat prescriptions several times during a year. I would like to ask the Minister of Finance whether in each case where drugs are purchased there must be a prescription and whether in the case of narcotic drugs the prescription would need to be

made in duplicate, since under our federal legislation the druggist must keep on file a copy of each prescription.

I know this would add very much to the extent of our bookkeeping systems. Those of us concerned with the field of medicine already have many forms to fill out and of course the druggists certainly have a great deal of bookkeeping of this nature. It would also add to the administrative responsibilities of the Department of National Revenue and we do not want to have too many new civil servants. We know that the Department of Finance, for instance, already has about 70 new employees this year—

Mr. Fleming (Eglinton): That is not true.

Mr. McMillan: How many are there?

Mr. Fleming (Eglinton): I told you so two weeks ago.

Mr. McMillan: It may be only 69.

Mr. Fleming (Eglinton): That is not true either.

Mr. McMillan: It is right up there somewhere. This is the sort of thing about which the present Minister of Finance spoke when he complained of the wastefulness and extravagance in the various departments of government.

Paragraph 2 includes laboratory and other diagnostic services and I am just wondering how this might work out. At present some of these services are included in hospital and medical bills. If you pay a Blue Cross premium and you have a medical bill, say of $200, that $200 is considered as the amount allowable for deduction for income tax purposes.

Now, under the new Hospital Insurance and Diagnostic Services Act, the federal government will pay roughly one-half of the cost of treatment in our hospitals. It will pay one-half of the costs of the diagnostic and laboratory services in some provinces, but the other half would be paid by the patient himself in some provinces, or by some special tax levied in the provinces. I should like to ask the Minister of Finance what allowance would be made in future. Would the full hospital bill be allowed for deduction at present, or just the amount which a particular patient contributes by way of a premium? This is going to vary in the different provinces, and unless something is done you will have people in different parts of Canada paying on a different basis as far as income tax goes. Under paragraph 3, I think the government is providing:

That for 1958 and subsequent taxation years the maximum amount deductible by corporations for

contributions to charitable organizations be increased from 5 per cent of income to 10 per cent of income.

Mr. Fleming (Eglinton): If the hon. member would permit, I should like to suggest again, that it would contribute to an orderly discussion in committee if we approached this subject paragraph by paragraph. The hon. member, as I understood it, was making some general remarks but his remarks have all related to the first paragraph, and now he is going on to make remarks which relate to the third paragraph. I am saying the hon. member will have full opportunity to make his comments, but I suggest this should be done in an orderly way, the sections being discussed seriatim in the order in which they appear so that all hon. members who may wish to speak on a particular subject can do so during one period of time. Otherwise, we are bound to have a very discursive and disorderly discussion ranging over eight widely different matters which are mentioned in the eight different paragraphs.

Mr. Benidickson: I recall that in past years, after the general discussion had been concluded, there was universal agreement in the committee to proceed in that way. May I say to the minister, however, that in this particular case it happens that the hon. member for Welland, who is well informed on these matters, is anxious to speak on these subjects because instead of giving medical treatment, as is his usual practice, he will have to submit to medical treatment tomorrow and will not be free to make his remarks unless he can continue now.

Mr. McMillan: I acquiesce to the minister's request.

Mr. Regier: Mr. Chairman, so many points of order have been raised that it is a little hard to know what is in order or not. We, of course, intend to support the resolution. The resolution is a most necessary one, and the principle is a good one.

The resolution seems to be in line with what was promised by the Prime Minister as reported in the Ottawa *Journal* of May 22, 1957, when he said the Conservative party would cut unnecessary taxation to promote production which would help meet the threat of inflation. Nowadays we might amend that to read: "to cut unnecessary taxation which would promote production which would help to relieve unemployment". However, that is another matter.

Then the Prime Minister added that last year the government had over-taxed the Canadian people by $500 million, and with this I come to the main theme of the remarks

I intend to make on this resolution, in that in our opinion the concession, welcome as it may be, is entirely inadequate. Not only is it inadequate, it falls far short of the pledge which was given the taxpayers of Canada.

On May 23, 1957, the Prime Minister claimed, as reported in the Vancouver *Sun*, that every Canadian man, woman and child had had their pockets picked by $30. This resolution is certainly not going to help that situation very much, and I am sure that the pockets of the taxpayers are going to continue to be picked. On May 24, 1957, the same hon. gentleman is reported to have said over a C.B.C. radio broadcast: "We will put an end to excessive over-taxation." Well, it is our opinion that this resolution, taken in its entirety, falls far short in its provisions of what is needed to relieve the people from over-taxation, and this is especially important at this moment when the time is overdue for the average people of Canada to be relieved of some of the burden of taxation in order that they may be able to buy more goods and hence provide more employment in Canada. I have in mind, for instance, the section of the resolution dealing with medical expenses.

While we welcome the extra concessions that are being made, we have over the years advocated the removal of the 3 per cent floor which presently exists, and if some bold and substantial measure of relief had been intended, that proposal might well have been given greater attention. I feel that with regard to medical expenses the act at the present time is needlessly cluttered up; one may deduct such medical expenses as exceed 3 per cent of net income, but one may not deduct such expenses as are in excess of a certain percentage of income. And then, if a person has no receipts at all he may deduct $100 for medical and charitable expenses, and so on. I, for one, would like to see all medical expenses for which receipts can be produced eligible for deduction. In this respect the resolution falls far short of expectations.

I know the house has voted on exemptions for single and married people, so I may not bring in my recommendations with regard to that; there will be another opportunity of doing so. However, the allowance for dependents falls far short of being realistic when considered in relation to present day cost of living. I believe no one in this committee would claim that a dependent child between the ages of 16 and 18, for instance, can be educated, clothed and looked after on an allowance of $500 a year, and I believe it is high time, especially in the light of higher education fees, that a substantial increase should be granted in this direction.

The minister spoke at some length with regard to the principle involved in raising the percentage of income which may be deducted in respect of contributions for charitable purposes. We agree that the needs of our institutions have risen with the years and the measure he has taken—

The Deputy Chairman: Order. If the hon. member is going to talk on individual paragraphs I would ask him to withhold some of his remarks until the committee decides to deal with this resolution paragraph by paragraph.

Mr. Regier: It was not my intention to go into detail in my discussion of the individual subject. I meant only to survey these questions in order to show the inadequacy of the resolution as a whole. I certainly hope that this particular clause is not a reflection of the government's approach to the needs of education in Canada and especially the needs of higher education because it would be a sad day indeed if our educational institutions should have to rely for their continued successful operation and expansion on the proposed amendment to the Income Tax Act.

We regret very much that the government, among other things, has not seen fit to have listed a change in the social security tax that is presently paid under the Income Tax Act. At the present time a man having a taxable income of $3,000 pays $60 as a maximum in the form of a social security tax and the man having an income of $100,000 also pays a like amount. I feel that the minister might well have compensated the loss of revenue the government is sustaining by abolishing that maximum in order that people would pay into the social security tax fund according to their ability to pay.

In the main, we welcome the resolution. However, we must at this time remind the minister that it falls far, far short of what the people of this country had been led to believe they might expect and this takes on particular significance at this time when people require additional purchasing power to meet rising costs.

The Deputy Chairman: Is the committee now prepared to discuss this resolution paragraph by paragraph?

Some hon. Members: Agreed.

The Deputy Chairman: Shall we now discuss paragraph one?

Mr. Fleming (Eglinton): Mr. Chairman, I have an amendment to paragraph No. 1 which I shall ask one of my colleagues to introduce. The resolution at present contemplates in this paragraph that after the effective date amounts paid for drugs and medicines which

have been prescribed in writing by a medical practitioner may be included in the medical expenses that are deductible in computing taxable income. This matter has been reviewed and I should like to indicate that the proposed amendment is intended to provide that if drugs have been prescribed by a medical practitioner and recorded by a licensed pharmacist they may be included in the medical expenses that are deductible in computing taxable income. I would ask my colleague, the Minister of National Health and Welfare, to move that amendment.

The Deputy Chairman: It has been moved by Mr. Monteith (Perth) and seconded by Mr. Macdonnell:

That paragraph 1 of the income tax resolution be amended by deleting the words "in writing" and by adding the words "and recorded by a licensed pharmacist" immediately after the words medical practitioner in line 2 thereof.

The paragraph as amended will read:

That amounts paid after June 17, 1958, for drugs and medicines which have been prescribed by a medical practitioner and recorded by a licensed pharmacist be included in the medical expenses that are deductible in computing taxable income.

Shall the amendment carry?

Mr. McMillan: Mr. Chairman, I take it that in no case is it necessary for the prescription, as such, to be sent in?

Mr. Fleming (Eglinton): The prescription would be available for examination on the premises of the druggist, Mr. Chairman, and that would suffice.

Mr. McMillan: But what about prescriptions for non-narcotic drugs that are simply phoned in?

Mr. Fleming (Eglinton): Those prescriptions must be recorded. I mean by that that they are in practice, so this will come clearly within the terms of the amendment.

Mr. Regier: What evidence will be required of the individual taxpayer that expenditures have in fact been made, a receipt from the pharmacist or what?

Mr. Fleming (Eglinton): Yes, the receipt from the pharmacist under which he will have recorded the prescription.

Mr. Macnaughton: That must be in writing, of course? There must be a written prescription recorded in the pharmacist's book?

Mr. McMillan: Mr. Chairman, I should like to ask the minister if every prescription must be recorded? For instance, a great many prescriptions are filled a dozen times or more on the basis of the original prescription. Would each prescription have to be included for each lot of medicine?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): I take it that my hon. friend in his question is referring back to some of the designated drugs. With regard to those I may say that insulin, vitamin B12 and injectible liver extract are at present prescribed by a physician initially but it is usual for patients using those drugs to obtain them from their pharmacists without further reference to the initial prescription. Patients using those drugs know their dosage schedules and delays in obtaining requirements could, in some cases, prove fatal. It is intended that the amendment deal with these in such a way that receipts showing purchases of these three drugs need not have a prescription file number.

Mr. Chevrier: Mr. Chairman, when I first heard the amendment read I thought it made it easier to abide by the terms of paragraph one but now as I read it I think it makes it more difficult because what is necessary now in order to meet the terms of the first paragraph is that there must be a prescription by a medical practitioner and a recording by a licensed pharmacist. The two conditions must be there before the claim could be made, is that not right?

Mr. Fleming (Eglinton): Yes; but you see, we are easing the requirement of the original resolution because we are deleting the words "in writing" as applied to a prescription given by a medical practitioner. That takes care of the problem raised by the hon. member for Welland of the repeat order and the phone call.

Mr. Crestohl: Mr. Chairman, the person requiring the prescription has no control over the druggist with regard to his recording it. He will enter a drugstore, present a prescription, receive it and leave and what the druggist does with respect to recording the prescription is something over which the customer has no control. It may not be recorded. The druggist may be careless or he may lose the prescription. The proposed amendment exposes the prospective user of that prescription to some difficulty. He may have a receipt but there may be no record of it in the drugstore through no fault of his own but through the fault of the druggist.

Mr. Fleming (Eglinton): It is obvious that if the individual in question wishes to claim the expenditure as a deduction by way of medical expenses he will have to be in a position to produce a receipt. Obviously when he makes a purchase he will have to see to it that what the law requires is done, both on his own part in obtaining a receipt and on the part of the druggist in recording it. That is only fair. I am quite sure my hon. friend does not expect the Department of National

Revenue to supply proof in these cases. The taxpayer will have to see to it that he preserves his receipts as he now does with respect to his other receipts that he intends to use for medical deductions.

Mr. Crestohl: The minister is perfectly right. I go along with that. The taxpayer will go in and buy and will get a receipt and go home, but from that moment he loses control over what transpires with the prescription behind the counter and in the druggist's office. He cannot go in there and watch to make sure that his prescription is recorded.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee adjourned at six o'clock we were discussing an amendment to paragraph 1 which reads as follows:

That paragraph 1 of the income tax resolution be amended by deleting the words "in writing" and by adding the words "and recorded by a licensed pharmacist" immediately after the words medical practitioner in line 2 thereof.

As amended will read:

That amounts paid after June 17, 1958, for drugs and medicines which have been prescribed by a medical practitioner and recorded by a licensed pharmacist be included in the medical expenses that are deductible in computing taxable income.

Shall the amendment carry?

Mr. Fleming (Eglinton): Perhaps I should say just a word in reply to the question put by the hon. member for Cartier at six o'clock. The case he put, Mr. Chairman, is covered by the fact that the pharmacist has the record, for he must by law, keep a record of the sale. I think that is the complete answer to my hon. friend's question. He must do so as a matter of law.

I might add that this resolution and the amendment have been discussed with both the Department of National Health and Welfare and representatives of the Canadian pharmacists association. The amendment accords with the views that have been expressed by both of these sources.

Mr. McMillan: I should like to know the mechanism that will be used under this amended section to claim the cost of drugs as a deduction. Must you send in the druggist's receipt plus the prescription?

Mr. Fleming (Eglinton): The taxpayer does not send in the prescription to the Department of National Revenue when he files his income tax return. He sends in his receipt, just as he does in connection with other elements in his claim for medical deduction, his receipt for the doctor's account, for the hospital account and others. He simply sends in his receipts, and the receipts will bear a reference to the prescription which is filed with the druggist.

Mr. McMillan: If the drugs were ordered from the druggist by telephone, and the druggist made a note that they were ordered by telephone would the receipts given under those conditions be considered valid by the department?

Mr. Fleming (Eglinton): Yes, if the drugs in that case were, in fact, prescribed by the medical practitioner and were recorded by a licensed pharmacist, the cost of the drugs in that case would be treated as allowable medical deductions.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Chevrier: Shall the clause as amended carry?

Mr. Fleming (Eglinton): I take it, Mr. Chairman, you have put the amendment first. We are not adopting the paragraphs individually. As I understand it, there is only one resolution before the committee and there is only one motion for adoption of the resolution which will be put after we have gone through the eight paragraphs. An amendment at any time would have to be put.

Mr. Chevrier: If I understand the discussion aright, the amendment has now carried. It is the intention to dispose of this resolution clause by clause, so the amendment having carried is the clause still open for discussion?

Mr. Fleming (Eglinton): Probably my friend did not hear the discussion this afternoon. There is only one resolution before the committee. This one resolution has eight paragraphs to it. It was agreed this afternoon that in the interests of orderly discussion the paragraphs should be called seriatim and the discussion in each case would necessarily be relevant to the particular paragraph. At the conclusion, one motion would be put for adoption of the resolution as amended.

Amendments, of course, could be introduced to any paragraph at any time. I take it that if there is no further discussion sought on paragraph 1, then the chairman would now be calling paragraph 2.

Mr. Benidickson: I was under a misapprehension. I thought probably the amendment was being put to regularize the paragraph. I should like to ask a few more questions on item No. 1.

Mr. Fleming (Eglinton): As amended.

Mr. Benidickson: As amended. Could the minister indicate to us just what he estimates will be the cost to the treasury of both paragraph 1 and paragraph 2?

Mr. Fleming (Eglinton): From $4 million to $5 million.

Mr. Benidickson: In a full fiscal year?

Mr. Fleming (Eglinton): In a full fiscal year.

Mr. Crestohl: If we do, finally dispose of paragraph 1, we automatically go on to paragraph 2 and so on to paragraph 8, and take one vote. Does that leave the door open, while we are at paragraph 5, for someone to revert to paragraph 1 if he so desires?

Mr. Fleming (Eglinton): I take it that would mean chaos in our proceedings. What was agreed upon this afternoon, in the general interests of orderly discussion, was that each paragraph would be called seriatim. If there is no further discussion, then the chairman will proceed to call the next paragraph. The discussion on the previous paragraph would then have been exhausted and closed.

Mr. Crestohl: I agree with you on that. I was just asking for clarification of the procedure.

The Chairman: Is there further discussion on paragraph 1?

Mr. Benidickson: Yes. I was interested in hearing the remarks of the hon. member for Welland. I thought they were well taken. I am sure that he knows his suggestion with respect to the elimination of sales tax on drugs was last month endorsed by a very important organization, the national council of women.

Mr. Fleming (Eglinton): With respect, Mr. Chairman, we are not discussing the sales tax now. We are discussing the amendment to the Income Tax Act, and the sales tax on drugs is surely not relevant.

Mr. Benidickson: That is correct, but my next point was going to be that any concession that might be made from the point of view of foregoing revenue might be better done this way because, as the hon. member for Welland indicated, there are a great number of people who are not taxpayers. Those, of course, are the more poorly off people of the country. This measure does not provide them with any benefit so far as their expenditures for drugs are concerned. I may be one year out of date but I have here readily available the 1956 tax statistics, and I think they have reference to the 1954 tax returns. There one will find that the taxable returns were 3,410,160 and the non-taxable returns were 1,393,250. In addition to that, of course, a number of people are not even called upon to put in a return. I just wanted to commend the hon. member for Welland for his remarks. He, of course, referred to the fact that he too was surprised that this resolution had not gone further. I find that at least on a number of occasions in recent years the Minister of Finance associated himself with his party in indicating in his vote in this house that he felt the floor itself should be removed. I refer to the vote on January 30, 1956; the vote on February 14, 1955; and the vote on January 18, 1954.

Mr. Fleming (Eglinton): With the exception of that last date my hon. friend voted against the proposal on each occasion and his party did so also.

Mr. Benidickson: My hon. friend may be talking about consistency but I am simply pointing out to him that we expected some consistency from him when he on three occasions indicated to the public at large this was something about which he felt vehemently and on those occasions voted that the floor be removed. As the hon. member for Welland has indicated, either that procedure or the elimination of the sales tax would be more beneficial than the resolution we have before us tonight.

Mr. Mitchell: Mr. Chairman, I am concerned about part of this resolution. I believe the minister will know what I am speaking about as I have already drawn the matter to his attention. I refer to the wording of this resolution which has to do with the deduction of medication for income tax purposes. I spoke about the matter previously. I should like to draw to the attention of the minister and his department that the resolution, as it is worded, says "prescribed in writing" or words to that effect.

Mr. Fleming (Eglinton): Mr. Chairman, I do not know whether my hon. friend has just come into the chamber. I may tell him that the resolution has been amended. I think the amendment fully covers the point my hon. friend has in mind.

Mr. Mitchell: I thank the minister. That is all that I was concerned about.

The Chairman: Is there any further discussion on paragraph 1?

Some hon. Members: Carried.

The Chairman: Shall we proceed to paragraph 2?

Some hon. Members: Agreed.

Mr. McMillan: In connection with paragraph 2 I have a question. When the Hospital Insurance and Diagnostic Services Act is in operation, as it is now in parts of Canada, I should like to know what part of the hospital bill will be deductible in respect of income tax.

Mr. Fleming (Eglinton): The entire bill, just as at present. The statute to which my hon. friend has referred has not changed the situation, and the Income Tax Act is not being amended in that respect. The position is just the same as if today the taxpayer's hospital account was paid by his insurance company.

Mr. McMillan: Then it means that they would get the part that the federal government pays, which is roughly 50 per cent of the treatment in the general hospital. They will be able to deduct that part in respect of their income tax.

Mr. Fleming (Eglinton): That is not what I said, Mr. Chairman. I said that the hospital account would be admissible just as at present if it were paid by an insurance company. There is no change in the position in that respect. I am not saying what the situation might be or what the new situation brought about by the act may call for later on. But as things stand now, no change is made in the law in that respect.

Mr. McMillan: That act is in operation now in certain provinces in Canada. I should like to know what will happen in connection with taxpayers making claims in those provinces, and whether the total hospital bill would be presented or just the part that was not paid by the dominion government.

Mr. Fleming (Eglinton): Whatever the account is, as rendered to the taxpayer, and is paid. Under the provisions of the new act, whatever that hospital account is it is treated just as is the hospital account today that is paid on behalf of the taxpayer by his insurance company. I cannot put it any more clearly than that.

Mr. McMillan: Suppose no account is rendered to the patient in hospital and his bill is paid half by the federal government and the other half by the provincial government where the money is raised say by a sales tax?

Mr. Fleming (Eglinton): In order to have the benefit of a deduction he must be in a position to produce a receipted hospital account.

Mr. Benidickson: And it must be more than 3 per cent of his income.

Mr. Fleming (Eglinton): Yes. But what I mean is that in order to qualify at all, he must be able to produce a receipted hospital account in the case put by my hon. friend. It is not everybody who will be under the scheme in any of the provinces in which the new systems come into effect on July 1. What the method will be in any particular province I would not be prepared to say now, or as to the practice of the hospital; but if he produces a receipted hospital account, a bona fide account duly receipted, then it will qualify as a medical expense.

Mr. McMillan: That would therefore mean that in certain provinces where he pays a premium, he might pay half his hospital account; and in another province where the province is contributing the whole thing he would be presented with no hospital account. Hence people in different provinces would be treated differently.

Mr. Fleming (Eglinton): There is no province now of which I am aware that is paying the entire cost. Those provinces that had hospital insurance schemes are the ones that are coming in now under the provisions of the new act with effect from July 1.

Mr. Benidickson: In the province of British Columbia, where I believe the hospital scheme is paid for in large part by a retail sales tax of 5% levied by the province, is it possible for a resident to submit his hospital bills if he requires hospitalization in the course of the year and it appears worth while in that these bills with the other medical bills, go beyond 3 per cent of his income.

Mr. Fleming (Eglinton): It is not the method of the payment of the premium under the provincial scheme that governs whether the hospital account is a deductible medical expense. It is whether the hospital renders an account and the taxpayer is in a position to produce a receipted account. In that particular case the yield from the sales tax, of course, is turned over to those responsible for operating the hospital scheme. But that is not the determining factor in relation to the test of eligibility of the account to rank as a medical expense.

Mr. Benidickson: I do not quite understand my hon. friend. Let us consider the situation that has existed up until now in the province of Ontario where I think probably 75 per cent of the wage earners are now enrolled in Blue Cross.

Blue Cross is an organization supported by premiums which more or less equal the outgo in respect of all accounts presented to Blue Cross by the hospitals. It has been my understanding that an individual has never been able to render to the Department of National Revenue for deduction from income

tax the cost as a medical expense his premium, but if he does require hospitalization the hospital does not render him an account and he does not have to pay anything. But he can go to the hospital and ask for a statement of what the charges would have been had he not been insured, and it is that statement which is submitted to the Department of National Revenue. This was why I raised the query with respect to British Columbia where there is no exact fixed premium but there is of course the retail sales tax which is supposed to support the hospitals in that province, or has been supposed to do so up until now.

Mr. Fleming (Eglinton): At the risk of repetition, may I say that it is the receipted account which is the prerequisite, indeed the test of eligibility for an account to rank as a medical expense. It is not the premium, however collected or however paid, which is the determining factor. Indeed for this purpose it is not relevant. It is the receipted account of the hospital that governs the decision.

Mr. Crestohl: I would like to refer to the language of this paragraph which refers to transportation to or from a hospital by ambulance which may be included under medical expenses. Perhaps the minister may be able to give some clarification on this point having regard to the following situations which might arise. One can easily conceive, for example, that someone in, say Seven Islands has an accident and must be rushed to hospital by plane. A plane is not necessarily an ambulance but it could perhaps be called an ambulance for this purpose. Secondly, there may be a case where a plane would have to go to a place such as Sudbury on the instructions of the doctor treating a patient there in order to transport the patient to Montreal for treatment. Even though such a patient is not transported by ambulance such a conveyance might be called an ambulance in this case also. Then there is a third possibility, where a person has to be rushed to hospital and there is no ambulance, as such, available.

Would the transportation in each of the three cases to which I have referred be covered?

Mr. Fleming (Eglinton): The answer in all three cases is no.

Mr. Argue: May I ask the minister what would be the position in a case where there is a regular air ambulance service as there is in the province from which I come? Such service, as the minister well knows, has saved a great many lives. It is a standard service and has been in operation for more than ten years. There is a registered nurse on the plane at all times and all the facilities are available which would be available in an ambulance, including those for the administration of oxygen when necessary.

It seems to me that in such an instance an air ambulance service is just as much an ambulance service as it would be if it were on four wheels on the ground. I would think the minister would not wish to place the federal government in the position where it would deny the cost of a service which is, and for some time past has been, largely although not wholly subsidized by the provincial government. The person who is being transported is charged a flat fee, which varies in one or two minor ways but is in the neighbourhood of $25 to $35. After the air ambulance lands at the airport a regular ambulance, the automobile variety, picks up the patient and takes him to the hospital.

The cost of the automobile ambulance is a few dollars less than the $25 to $35 charge for the air ambulance service but in view of the fact that this air service is a regular one—it is very definitely an ambulance—assisting in the saving of many, many lives, I feel the minister should favourably consider this request.

Mr. Fleming (Eglinton): It is not possible for me to give a categorical answer to my hon. friend, but I think in many instances an airplane could not in any sense be regarded as an ambulance. If, however, such an airplane is equipped and used for no other purpose than the transportation of the sick, maimed or injured, then I would think the Department of National Revenue would be disposed to look favourably on such a case, provided it were properly substantiated. I emphasize, however, that the plane must be confined with respect to its equipment and use to that purpose and to no other.

Mr. Argue: Emergency situations might arise which would cause the plane to be used perhaps once or twice a year for some other purpose but this is a regular service and the plane at least 99 times out of 100 is used for the purposes of transportation of patients only. The plane will not take off unless a doctor has ordered the plane to pick up a patient at some outlying point and unless that doctor already has available a bed in the hospital for such patient. I would therefore think such a proposition would be on all fours with one concerning any other ambulance service.

Mr. Fleming (Eglinton): If those are the circumstances I think the Department of National Revenue would rule such a plane to be an ambulance.

Mr. Argue: I thank the minister very much for his answer. I see he has been in consultation with the Minister of National Revenue who probably knows that this is a regular service on a province-wide basis. I believe anyone receiving a bill from the Saskatchewan air ambulance service, on the face of it, has a bona fide claim under this paragraph.

Mr. Crestohl: I am wondering if the minister's negative answer to the three questions I put to him is altogether in fulfilment of the spirit prompting this legislation, especially if the legislation is indeed intended to offer relief from stress caused by illness. The language used is "transportation to or from a hospital". It does not speak of transportation within any limits, and if it was intended to restrict the coverage to certain areas the wording should be "within a radius of 50 miles from a hospital" or "20 miles" or some other distance.

Since the proposed legislation does not specify a limit to the distance over which an invalid may be transported then I think the minister should perhaps reconsider his answer. One can easily conceive that even an automobile ambulance might have to transport a patient over a distance of 300 or 500 miles. Would such a case be covered? I do not see that any citizen who finds it impossible to obtain an ambulance, in the sense that we understand the word—fully equipped and on four wheels—should be prejudiced in any way by this lack of transportation, or because no roads are available. I do not think such a citizen should suffer because the only means of transport is by air, and I think the minister might give some consideration to the merit of allowing the deduction to a person who has to be transported to hospital in this way.

Mr. Fleming (Eglinton): I can assure the hon. member that the minister has a big and sympathetic heart with regard to these considerations, and I only wish he had spoken as forcefully when he was sitting on this side of the house in support of a proposal to offer some relief to those who incur expenditure through being transported to or from hospitals. This is the first time in the history of Canadian income tax legislation that any legislative proposal has been put before parliament for permitting any form of transportation expense to be included as a deduction for income tax purposes. This is the first time.

We cannot include every form of transportation; the difficulties of administration and enforcement would be almost insuperable if this provision were thrown wide open. If expenditure on, say, taxis were to be allowed I do not know how you would effectively enforce the act, because who is going to check all these cases? We considered all aspects of the matter and came to the conclusion that limitation of the vehicle was the only effective means of fair and adequate enforcement of the regulations by the officers of the Department of National Revenue. It will be the nature of the vehicle used to transport the patient to and from hospital which will determine whether the expenditure qualifies under this provision.

Mr. Herridge: Having listened carefully to the minister's answers to repeated questions I do want to say that he has deeply failed on this occasion to use the English language with his usual exactitude. When we want to find out the meaning of the words which the minister uses in his eloquent and vehement speeches we are in the habit of referring to dictionaries in order to get his meaning, and the same is true when it comes to an act. If you want to understand an act you look in a dictionary. I have looked in a dictionary to find out the meaning of the word "ambulance", and the dictionary describes it as "a conveyance for sick and wounded persons". So unless there is a further definition added, I am convinced that if someone challenged a case before the courts the judge would have to refer to the Oxford dictionary or to some accepted dictionary in order to find out the meaning of the word. I think the word used here is far too broad, and that without further definition it would create misunderstanding.

In addition, I cannot see why the allowance should be confined to ambulances of a certain type, because we have so many instances in this country where it is not possible to get the normal type of ambulance when sickness or accidents occur. I am glad to see that the Minister of National Revenue has his ears cocked my way. The hon. member for Cartier has mentioned one such instance. In the area from which I come we often have to use water taxis or launches in order to convey injured persons over long stretches of water to hospitals. Surely, a person who has to incur considerable expense in this way should be in the same position as one who takes an ambulance for a mile or two in a city. In addition, we have such a thing as horse ambulances because roads are often not good enough to enable us to get out men who have been injured and, on other occasions, I remember that pack and saddle horses have been used to get men to hospital from mountain tops.

I suggest, then, that the term now used is far too broad and that the minister's replies

are not related to the dictionary definition of the word "ambulance". I think he is in for a lot of trouble unless he adds some interpretation to the legislation. In addition, I want to emphasize that I cannot see the fairness of confining this to cases where a particular type of ambulance is used, mostly over paved roads and for short distances, while the people who live in the backwoods, the people who work in the mines and mills and woods and who produce a great deal of the natural wealth which keeps the wheels of industry in this country turning are unfairly dealt with.

Mr. Habel: I am fully in agreement with the remarks which have been made by the hon. member for Kootenay West. In the district in which I live we have a very good hospital and we have very good doctors. However, on many occasions a doctor will be unable to perform an operation and patients have to be sent to Toronto. In such cases patients are sent on doctor's orders and they have to travel either by train or by air. It is a very costly trip, representing a journey of 575 miles, and if this act is intended to give relief to the taxpayers it seems to me it should apply to transportation of this kind as well, unless the minister wants to make a big impression with a little concession.

Mr. Granger: Mr. Chairman, in Newfoundland and in many parts of northern Newfoundland and Labrador the air ambulance is the only kind of ambulance there is, and the government of Newfoundland has purchased suitable aircraft for use in taking patients to hospital in an emergency. Despite the existence of these official air ambulances it is necessary at times to use planes and helicopters which are normally engaged on other work. I should like to think that people transported in such aircraft being used as ambulances will come within the provisions of the act.

Mr. Crestohl: I am quite sure the minister knows that there are hundreds of villages in Canada where there are no ambulances at all. An invalid might have to be transported from one village to a neighbouring village, a little larger, where there is some hospital service. A citizen who hires a taxi or who rents an automobile, or a conveyance of some kind, and who has to spend a certain sum of money should surely be entitled to deduct that expenditure even though, strictly speaking, he did not use a vehicle with a red cross on it marked with the word "ambulance". I think that is the intention of this amendment. The intention is to confer a benefit on people so that they may have certain advantages with respect to medical expenses being deducted, and it should not be so restricted as to apply in practice only to people who live in cities where ambulances are available; it should confer an equal benefit on all Canadian citizens.

Mr. Fleming (Eglinton): Mr. Chairman, I have already explained to my hon. friend why, after very careful consideration, it was found not possible to extend this benefit more widely. The difficulties of enforcement were found to be insuperable. If the committee wants that point met and if the objection is going to be pressed it may be that my hon. friends will just talk the taxpayer out of getting this opportunity to have a deduction with respect to expenditures made on ambulances because I can assure the hon. gentleman that this and the other questions he has raised were very carefully considered and the difficulties in the way of enforcement were found to be insuperable.

Mr. Carter: Mr. Chairman, I can tell the minister that as far as my riding is concerned there is no ambulance. In order for a person in a remote area to get to a hospital he must hire a taxi and travel anywhere from 80 to 100 miles or he must hire a boat and travel 50 or 60 miles at considerable expense. No one in my riding can benefit from this proposal. I do not think we should put on our statute books legislation that discriminates between one taxpayer and another. We should treat all taxpayers alike.

Mr. Crestohl: Mr. Chairman, I should like to point something out to the minister with which I think he will agree. In paragraph No. 1 the minister was ingenious enough to find a method of designating what medical expenses can be deducted. He placed, as it were, an identity card upon those drugs which can be deducted when he established that they must be procured by prescription from a physician. I believe a means of identification could be found in the present instance, too. If the law were to read that the vehicle was deemed necessary by a duly qualified practitioner and that it was required for an emergency and should therefore be a deductible expense, that would be a means of identifying it.

Mr. Fleming (Eglinton): All I can suggest to my hon. friend, Mr. Chairman, is that he give us a chance to work this proposal out on the present basis. In time we will see what we can do. We started out to try to help the taxpayer by this means. We have gone as far as we can see the possibility of effective enforcement in the measure before us. All I can suggest in the face of that is that we are trying to help the taxpayer who incurs

expense in being transported to a hospital. I urge hon. gentlemen opposite to give it a trial and provide an opportunity for the department to work with it and we will see what can be done. That is all I can suggest to my hon. friends under the present circumstances.

Mr. Crestohl: That is fair enough.

Mr. Benidickson: Mr. Chairman, we all commend the minister for taking this forward step with respect to transportation for the sick but may I point out that it is not unusual at this stage in the discussion of budget resolutions for the Minister of Finance to be impressed with a suggestion receiving support from hon. members all across the house and the administration reconsiders the bill. This suggestion certainly has an appeal to me on the basis of its reasonableness. It is not at all unusual to amend a proposed bill on the floor. I think the minister could go one step further than just saying, "Let us examine it in another year." Between now and second reading of the bill I believe that he and his officials could examine this proposal and bring in a measure that is considerably more likely to equate the situation for all people across Canada.

Mr. Fleming (Eglinton): Mr. Chairman, if the suggestion were new I should have no hesitation at all in acceding to my hon. friend's proposal but I repeat that it is not new. We considered this matter in all its ramifications very carefully and, I might add, at very great length. Here we have gone as far as we can see the effective limits of enforcement. I do not think I can do more than suggest what I suggested to hon. members earlier in reply to the last remarks of my friend the hon. member for Cartier.

Mr. Carter: Mr. Chairman, could I offer another suggestion to the minister. When he calculated the amount that this measure would cost the treasury he must have had in mind some average figure representing the cost of an ambulance, perhaps $15 or $20. Why not put a similar limit on with respect to deductibility and let everyone who incurs expenses benefit to that extent?

Mr. Fleming (Eglinton): Mr. Chairman, that does not overcome the problem of enforcement in regard to somebody who takes a taxi ride. You cannot enforce a provision that is related to a taxi ride; that is just the difficulty.

Mr. Carter: But surely the hospital authorities could certify the expenditure?

Mr. Fleming (Eglinton): The hospital does not pay the taxi driver.

Mr. Benidickson: Mr. Chairman, could I put this question to the minister. Would it be on a par with past practice if the doctor added the cost of transportation to his bill and rendered it to the patient in the same way as in the past we know that doctors have provided drugs and added the cost to their bill? Such expenditures were recognized for tax deduction by the taxation division of the Department of National Revenue.

Mr. Fleming (Eglinton): I am afraid it is not analagous to the cost of a prescription for which I argued for many a long year and with respect to which my hon. friend and those associated with him would not accede.

Mr. Benidickson: My hon. friend knows that the former administration took a very careful look at the question of drugs and because of the argument that drugs were an important item of medical expenditure it deliberately lowered the floor from 5 per cent to 4 per cent stating at the time that it was doing so for the purpose of recognizing that about 1 per cent of medical expenditures of this nature on average were for drugs. Also the then administration made it clear that in doing so the administration was saving the taxpayer a lot of money by not having officials examine small accounts and conduct correspondence about them.

Mr. Nasserden: Mr. Chairman, I like the way this particular paragraph reads just as it is and I think it should remain in this form because when you take a ride in an ambulance you have more than transportation, you also receive medical attention. I should like to see the word "licensed" inserted before the word "ambulance" in this paragraph. As hon. gentlemen probably know, we have a very good hospital plan in the province of Saskatchewan.

Some hon. Members: Hear, hear.

Mr. Nasserden: I expected this would draw applause and particularly from hon. members of the C.C.F. group and those from Saskatchewan. We are all proud of the plan we have there. We also have a splendid air ambulance service which will go into any part of the province. May I suggest to those hon. members who have been wondering what they can do in their part of the country and how they could benefit under the terms of this measure that they should perhaps try to establish an air ambulance service in their areas as well.

Mr. Peters: Maybe a good C.C.F. government would be a solution.

Mr. Nasserden: The people of the province of Saskatchewan wanted it and we do not think the C.C.F. should claim all the credit for it.

Mr. Peters: It is the only province that has it.

Mr. Nasserden: I should like to see it left as it is and I know that the people of Saskatchewan will welcome it as just one more forward step taken by this government for the benefit of Canadians.

Mr. Fisher: Mr. Chairman, I wonder if in considering this the minister and his officials really did consider the back areas of the country where there are vast distances to cover. It is all right for the minister to say that there are difficulties involved in keeping track of taxi fares but that is not a satisfactory answer. The country in northern and northwestern Ontario and other parts of Canada has been famous for its mercy flights. Hundreds of families have been assisted in bringing out people from distant parts who require urgent medical attention. In all common sense I cannot see why this sort of flight which is made at a tremendous expense to the patient or his parents could not be checked and certified by a doctor or hospital authority. The provision before us may be all very fine for the people in Crestwood Heights but it does not do anything for people in places along the northshore area or in the bush country.

Mr. Crestohl: Where is Crestwood Heights?

Mr. Fisher: It is a figment of some sociologist's imagination. It is in North Toronto not very far from where the minister comes. As a matter of fact, a very interesting book has been written about it and you might get more of an idea, Mr. Chairman, about the background of the hon. member for Eglinton if you had a look at it. That is getting away from the point. This matter should be gone into more thoroughly and a more attractive answer or reason given than the one the minister presented.

Mr. McMillan: If I may go back to hospital charges I should like to ask one question. Suppose a person now goes to a hospital in Ontario and is covered by Blue Cross. If he has a bill of $300 Blue Cross will pay the bill and the patient will get the receipt. Suppose the same thing happens after January 1 next when the Ontario hospital insurance scheme comes into effect. Will the department accept a receipt in full for $300 or will they only accept a receipt for about $150 because the federal government will be paying about half the hospital bill? Suppose we take Saskatchewan where there are no direct contributions in the form of premiums. What would the department accept there in the case of a patient with the same number of hospital days, the same services and the same charge? Would they get their $300 just the same?

Mr. Fleming (Eglinton): I must point out that this matter was fully discussed and I answered that question as fully and as adequately as I can when my hon. friend asked it four or five times half an hour ago. I point out also that the question does not arise under the present paragraph at all. If my hon. friend is not content with the answer I gave him earlier then I think it is a case where probably he can communicate with the Department of National Revenue. It is something which does not arise out of these amendments at all.

Mr. Benidickson: I do not begrudge at all to the minister credit for the improvements made under clause 2 of the resolution. I note with pleasure that eyeglasses are one of the expenditures that from now on may be included if a person's total expenditures exceed three per cent of his income. But looking at it in a practical way I think that people are going to have to break a lot of eyeglasses for this to mean very much. The hon. member for Welland indicated that he thought that perhaps 50 per cent of the taxpayers would get no benefit from this section because they would be benefiting under the standard $100 exemption made available last year in Mr. Harris' budget.

I would go further and ask whether the minister would quarrel with an estimate I have in my mind that the percentage of taxpayers with less than $100 claimed for such deductions in the past and who would thus utilize the standard exemption would not be 50 per cent but nearer to 70 per cent. I notice that the Minister of National Revenue, the minister's colleague in these budget matters, is sitting next to the minister. From reading the newspapers a lot of people think that the exemption with respect to eyeglasses means that the total cost of the eyeglasses will come off their income tax bill. That, of course, is not the case. Their income tax rate would be what would determine what portion they would save on the total cost of the glasses.

In the first income taxable range the tax rate is 15 per cent so in that case they would only save 15 per cent of the cost of the glasses. It has come to the attention of all of us, that during the time the Minister of National Revenue has assumed duties of tax collection, that in Vancouver, as we were sorry to learn, something in the nature of a kickback system has been in operation involving the purchase of glasses. As I recall

the circumstances the kickback to the doctors was unknown to the purchasers of glasses and amounted to anywhere from 25 per cent to 33⅓ per cent of the cost of the glasses.

Therefore I say that while there might be a 15 per cent saving for somebody whose total expenditures were over three per cent of his income, nevertheless it would only apply to 30 per cent of our total taxpayers. If the Minister of National Revenue can assure us he is looking into this situation on a nationwide basis I think that is probably the best thing we can do for most people who are obliged to buy glasses.

Mr. Nowlan: I think the hon. member can accept my assurance in that respect, that the matter is being fully investigated across Canada.

Mr. Crestohl: Could the minister tell us whether the cost of earphones for people who are hard of hearing is deductible?

Mr. Fleming (Eglinton): They are already allowed under the act and have been for some time.

The Chairman: Clause 3.

Mr. Macnaughton: I am particularly happy that under this clause the minister has increased the exemption for contributions to charitable organizations from five per cent to ten per cent. He himself referred to the great need of universities and colleges for additional money. We all know that with the increasing need for additional classroom space, equipment, more money for salaries for professors and so on, this can be a very helpful provision. I should like to ask the minister one or two questions. In his budget address he said, as found on page 1244 of *Hansard* of June 17:

> —far too many corporations do not come close to taking advantage of the present five per cent limit; but I am glad to say that many corporations do take their responsibilities in these matters seriously.

He was making the point that under this provision private Canadian corporations can make greater contributions to universities and colleges. That is particularly important in the province of Quebec where in effect government gifts without strings attached are, I think we can assume, not altogether popular at the moment. Therefore private enterprise will have to make up the difference to meet the tremendous needs of colleges and universities in the immediate future.

My first question is: Has the minister any figures or is he able to give us any percentage of Canadian corporations which do contribute under this provision? Second, would the minister tell us what "charitable organizations" means? Can he define it? I am well aware that section 62 (1) (e) of the act defines it to a certain degree but would the term "charitable organizations" apply to charitable trusts, non-profit corporations, low cost housing corporations, provincial governments and Canadian municipalities. I also understand that the 1957 amendment permitted the excess of donations over five per cent, now ten per cent, to be deducted the following year. Does this still remain in force?

Mr. Fleming (Eglinton): On the first point, Mr. Chairman, according to the statistics for the last year available, 1956, corporations contributed in round figures $32 million to charitable organizations within the meaning of the Income Tax Act, and that was one per cent of their income. On the average they have not been contributing up to the five per cent. Some have, and encouragement is being given, we hope, by the proposed amendment to all corporations to contribute more generously to the support of charitable organizations.

On the second point, there is no change brought about by the proposed amendment in the definition of "charitable organizations" under section 62 (1) (e) of the act.

On the third point, the matter of carrying forward, the answer is yes, the carry-forward still obtains.

Mr. Caron: During his budget speech the minister said that the increase from 5 per cent to 10 per cent was given especially to help education. If I recall well, he said that evening that educational institutions were counting too much on the government and private corporations had to do their share. I see by the wording of the amendment that the exemption for contributions to charitable organizations by corporations is to be increased from 5 per cent to 10 per cent. If it was the intention of the minister that this money should go for education, why did he not make special provision for a 10 per cent deduction for contributions to education and a 5 per cent deduction for other charitable purposes?

Mr. Fleming (Eglinton): I made a special plea to corporations to give support to education through universities for a particular reason, but I did not suggest that the purpose for which the act now recognizes a deduction should be confined to gifts to universities. I did indicate in my budget speech that the deduction would apply in the case of gifts to charitable organizations. The one change this resolution would make in the act would be to change the one figure, the figure 5 to the figure 10.

Hon. members are aware that strong efforts have been made, in the last several years

particularly, to put before corporations a plea that they recognize their responsibility in a special degree in connection with university education, and particularly corporations engaged in technical pursuits. A strong plea has been made to them by many enterprises of a philanthropic nature to assist in education. I think that while this amendment does not attempt to narrow in any way the definition of charitable organizations under the act, nevertheless there is reason to hope that corporations will look with particular favour on the plea that they support, through charitable donations in their normal budgets, university education.

There are obvious reasons. Corporations are not subject in the same way as individuals to pleas for support for ordinary church or religious works, and many corporations do not feel disposed to contribute, as individuals do, to the support of church and religious organizations but those corporations will, nevertheless, respond to an appeal to contribute to the assistance of university education.

Mr. Crestohl: If I understood the minister correctly, I believe he said that the corporations of our country have contributed but one per cent towards these charitable institutions.

Mr. Fleming (Eglinton): It is not a good enough record.

Mr. Crestohl: I was going to say that that certainly is not very commendable. In other words, they had a latitude of an additional four per cent of which they did not take advantage.

Mr. Fleming (Eglinton): Many of them did not.

Mr. Crestohl: I am speaking of the average. I am wondering whether the addition of five per cent would merely widen the margin of deficiency, of neglect or carelessness or avoidance of responsibility. I am wondering whether or not that would give them much encouragement because, in my judgment, they are extremely delinquent in complying with the possibilities.

What I say may be a bit drastic, Mr. Chairman, but I am wondering whether or not the law could not be changed to compel corporations to take full advantage of that exemption. If, for example, a tax were imposed on corporation profits to the extent of five per cent—I will not go as high as the ten per cent which the minister suggests—the revenue from that tax could be used to create a fund to be distributed amongst educational and charitable institutions. In other words, we could compel corporations of this country to take advantage of the possible exemption.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): I think my hon. friend will agree with me that the penalty imposed on corporations by the law today for not contributing up to the permissible percentage to charitable organizations is pretty heavy. It is 47 per cent, and that is a very stiff kind of penalty to impose. I think my hon. friend will agree with me on that.

Mr. Crestohl: That is the perfect answer.

Mr. Fleming (Eglinton): In the second place, I think the increase from five per cent to 10 per cent in the permissible percentage will have the effect for which he and I are arguing. In the first place, there are some corporations that do today contribute up to the full permissible five per cent, and would contribute more if the law permitted them to do so without penalty. In those cases, certainly there will be more generous contributions in view of the proposed increase from five per cent to ten per cent. But in addition, I think in the case of those corporations which have not been contributing hitherto up to the full permissible five per cent there will now be greater consciousness of the opportunity that is given to them and the social responsibility that goes with it. It may well be that some corporations have fought shy of some charitable appeals on the theory that they might, somehow or other, at the end of the year be crowding their five per cent. They will not be quite so apprehensive in the late months of the year of crowding ten per cent. I have some hope that more corporations, and I tried to put it rather strongly in the budget speech, will now recognize their social responsibilities in this respect.

Mr. Macnaughton: It might be just as well to point out that before we force corporations to contribute up to five per cent or ten per cent we should make sure that they have profits of five per cent or ten per cent.

Mr. Benidickson: Since 1941 there has been a standard spread between the allowable charitable deduction with respect to individuals of 10 per cent and corporations at five per cent. I was wondering why, when he was raising the maximum deduction in case of corporations, he did not see fit to do likewise also in the case of individuals. The minister in his remarks indicated that he felt individuals had appeals for religious and local charitable donations that were not so regularly accepted by corporations. I suggest to him that perhaps the individual has both, he has the appeal for capital requirements for educational institutions as well as the steady annual religious and local type of appeals that are made.

Mr. Fleming (Eglinton): I do not think that under the present circumstances one could depart from the historical, biblical conception of the tithe. I understand that was always the basis of the 10 per cent figure applied to charitable donations under the act for individuals. In the case of corporations, we are simply bringing them up on a level with the position of the individual. The tithing principle is recognized now by the act with respect to all taxpayers, whether individual or corporations.

On the second point, I may tell my hon. friend that while it may be that there are more types of charitable appeals to individuals than to corporations, the record again of the average figure for the individual is not as impressive as perhaps most of us in this house would wish.

In the year 1956 the total of charitable donations of individuals reported in income tax returns was $248 million which happens to be 2 per cent of the income of the individuals.

Mr. Benidickson: What is the corporation record?

Mr. Fleming (Eglinton): The corporation record in that year was one per cent of income.

Mr. Denis: In his budget speech the minister said that the majority of corporations did not use the 5 per cent already admissible for exemption. How can he expect that they are going to use the 10 per cent that is to be exempted?

Mr. Fleming (Eglinton): I endeavoured to answer that question when it was asked by hon. members opposite. I do not think I can usefully add to what I have already said. If they do not use it, they will pay in tax 47 per cent of what they have not chosen to contribute to charity up to 10 per cent of income.

Mr. Benidickson: Perhaps I could simply suggest to my hon. friend that I think he has indicated agreement with the development of the last administration in allowing a little bit of averaging. But the averaging is for a relatively short period, from one year to the next. As time goes on I think he may find that too many taxpayers are not giving adequately, either on the personal side or the corporation side, for fear that their income for the coming year is not ascertained. It might be to the benefit of all society if the averaging period were extended to perhaps two years or three years or something like that and they were then less cautious and gave more generously.

Mr. Carter: I wonder whether the minister could tell the house just how many firms or corporations have contributed the full 5 per cent or what per cent of the corporations have contributed fully?

Mr. Fleming (Eglinton): There are no available statistics on that point, I am informed.

Mr. Regier: We realize very well the urgent need of our institutions, especially in the field of education, for additional resources at this time. I do not want to do anything that is going to make contributions to them any less, either the contributions of individuals or the contributions of corporations, however, as I indicated before the dinner recess, I sincerely hope that this is not an approach that is going to be used, or a major approach even, to the very urgent problem being faced by our higher institutions of learning. I am all in favour of individuals exercising charity. However, I am a little bit leery when a huge corporation professes to do so because there is not very much heart in that type of a gift. It is a fairly cold-blooded proposition when a huge corporation makes a donation to a charitable organization; and very often that definitely is the case when it makes a donation to a higher institute of learning. We had the evil practice beginning in the province of British Columbia whereby the local grants are based on the amount of money the university is able to raise by way of donations. I should hate to see the day come when the federal government begins to institute any taxation system whereby they will make any payment to education dependent upon the payment being made by huge corporations.

When these corporations make these grants, especially in the scientific field, to our higher institutions of learning they are not acting entirely from unselfish motives. Therefore the expression "charitable organizations" mentioned in the resolution begins to lose a little bit of its real validity. These organizations will make their grants to universities and will attach riders to the grants and make them conditional upon the money donated being used for specific purposes at the university. That leaves the whole field of research open to some very serious questioning.

For many long years now we have taken rather great pride in the liberty attached to our educational institutions. While I am willing to admit that an individual making a donation to a university—I think this can be fairly said—is not able, even if he wished to do so, to exercise any undue influence upon that university, however, when a university is brought into the position where it is obliged to rely for any large share of its revenue upon the contributions of huge corporations, —and they are becoming larger every year—

then some of the liberty that we value so highly in the field of education begins to fly out the window.

There is another questionable angle to this resolution and it is this. It places those responsible for education in a position where they are obliged to go from door to door among the corporations and in effect ask for hand-outs. I greatly regret the situation of which I learned when not so long ago I met one of the most intelligent heads of one of our most progressive universities returning from New York. What had he been doing in New York? He had been spending a week in New York approaching these United States corporations having large subsidiaries in Canada, and he was appealing to them for funds for his university. He was a man chosen to head the affairs of the university. Yet because of the conditions existing he had been placed in a position where he was a beggar on behalf of the university rather than the able administrator supplying the intelligent leadership which he was able to supply and for which purpose he had been appointed in the first place.

While I am not in opposition to the resolution at this time I think the wiser approach for the good of education is not to take the approach the minister took when he introduced this matter in his budget speech. I think the wiser approach is this. If these corporations are making more than the shareholders must have, if they are making more money than they require, then the money should be collected from them by way of taxation by various levels of government and the government can hand that money over to those institutions of learning thereby assuring the continuing liberty of our schools of learning.

We just have to look south of the 49th parallel to see what can happen. All Canadians interested in the field of education are expressing growing concern at how one institution after another south of the border is beginning to become subject to the huge corporations upon whose generosity they must rely for their continued existence. We do not wish that to happen in our Dominion of Canada. I hope the minister will hold some consultations with responsible educators in Canada—I do not mean only scientists but men really in the field of education—upon the long-range possibilities of some of the implications of the government encouraging corporations to make their donations to schools of higher learning rather than the government taking this money from the corporations and the government remaining in charge of our schools of learning.

Mr. Macdonnell: I wish to make a comment or two on this matter, Mr. Chairman. I have had something to do with universities, their needs for money and their collection of money from corporations. It seems to me that the hon. member for Burnaby-Coquitlam has insisted on bringing into this discussion a measure of suspicion of all kinds of dark doings which are going to be let loose if this exemption is increased in the case of corporations.

Mr. Regier: That is your interpretation.

Mr. Macdonnell: I have had some experience in these matters and while there may be cases where corporations try to exercise an influence and perhaps, in rare cases, undue influence, I would also point out that there are a great many corporations who give money and give it gladly and leave it to, we hope, the wise decisions of the university boards as to its use. It seems to me that to cavil at these concessions made to corporations who do not subscribe is utterly unnecessary and that we should give our blessing to this provision.

Mr. Crestohl: I wonder whether I might, with great respect, make a suggestion to the minister. I believe we are all agreed that it would be well for the educational and charitable institutions of the country and for the people generally if all corporations could in some manner be induced to take full advantage of the law and to pay to these worthy institutions the full 5 per cent, now 10 per cent, of their earnings. Would the minister consider at the end of each year tabling in this house a list of those Canadian corporations who have taken full advantage of the law and another list of those who have not done so? I think the country is entitled to know—

An hon. Member: How about individuals?

Mr. Crestohl: Well, we could include individuals too, if you like, but we are discussing a special law at this moment with respect to corporations. I do not object to individuals being treated in a like manner and I would in fact support such a resolution. However, I believe most individuals do take advantage of this provision, right up to the hilt, and I believe the Minister of National Revenue and the Minister of Finance will agree that it is unlikely that any individual does not do so. Therefore the hon. member might reflect upon his observation and he may realize that these things could be improved upon.

I hope the minister will consider the tabling of two such lists concerning corporations operating under federal charters in Canada. We want to know which of those organizations are discharging their responsibilities to the charitable and educational institutions of our country and which are not.

Mr. Fleming (Eglinton): No, I could not recommend such a course, which would mean not only a departure from but a complete violation of the principle of secrecy as applied to income tax returns.

In principle, I do not think that is the way to bring about the desired result; I think we must depend upon the good judgment of the people, and the element of compulsion is not, in my opinion, a desirable one to be introduced by this house. We might deplore the fact that many corporations do not measure up to what my hon. friend and I regard as their proper social responsibilities, but in time, as the result of education, we trust there will be a better response, to which we hope this present change will contribute.

The Deputy Chairman: Is there any further discussion on the paragraph or shall we proceed to the fourth paragraph?

Some hon. Members: Agreed.

Mr. Benidickson: Mr. Chairman, I noticed with considerable interest the other day, after this resolution was presented to the house, that a tax commentator in the *Financial Post* had this to say:

> The amendment apparently ignores the effect of the exchequer court decision in the case of Subsidiaries Holding Co. Ltd. v. the Queen in which it was held that a taxpayer may not enforce payment of a refund refused by the department—even if the refusal is not legally justifiable on the merits of the case.
>
> The extension of time will be of no use to taxpayers faced with a departmental refusal to pay.

I see that this refers to the next paragraph, and I will reserve that question for the moment, but on the fourth paragraph I have another question to raise.

Am I right in thinking that the self-employed person is obligated to pay a quarterly amount in respect of tax and, if not, there is a penalty of interest imposed upon him? I read a newspaper statement the other day to the effect that the employed person whose wages are deducted at source is under a considerable disadvantage, and it was pointed out that if a self-employed person had put aside for his own use the amount of tax that would otherwise be deducted monthly he would save, at the end of the year, in the case of a man earning $4,000 per annum, at 3 per cent, interest $5.64 if he was a married man, and $9.85 if he was single man. This would constitute an advantage to that extent over the man whose tax was deducted at source each month and a question, of course, arises with respect to the fact that no interest is allowed on advance payments of income tax. I would like to ask, therefore, if it is true that a self-employed person does not have to present his tax return or pay his tax liability until the April 30 after the year in which the income was earned.

Mr. Fleming (Eglinton): He is obliged to make quarterly instalment payments, and I think my hon. friend will find the answer to his question in section 54 of the act.

Mr. Robichaud: Could the minister inform the house of the amount paid by the department last year as interest on over-payments of tax, that is to say, for the last fiscal year?

Mr. Fleming (Eglinton): Those figures are not available, Mr. Chairman.

Mr. Robichaud: Would the minister explain why they are not available? If the rate was 2 per cent and the government wants to increase it to 3 per cent, there must be a reason for so doing and something must have been paid.

Mr. Fleming (Eglinton): Yes, of course, and the reason is obvious. The government wishes to be a little more generous to the taxpayer to whom the refund is payable, but the fiscal year closed on March 31, which was three and a half months ago, and the figures have not been compiled, so they are simply not available.

Mr. Robichaud: Could the minister give the figure for the year ending March 31, 1957, which was two years ago?

Mr. Fleming (Eglinton): The department does not segregate those figures.

Mr. Robichaud: Mr. Chairman, there must be a reason for this. The minister has just stated that the government wants to be more generous to the taxpayer and I think this committee has a right to know how much money was paid during the last fiscal year for which the figures are available. We should be told what difference it would make to the treasury and how much more money would be involved. Are we being asked to vote blindly on a flat statement?

Mr. Fleming (Eglinton): My friend may not approve of the fact but, nevertheless, the figures are not available. No statistical records have been taken of the precise amount paid by way of interest on refunds under the existing law.

Mr. Caron: Is this not a poor way to deal with these matters, Mr. Chairman?

Mr. Fleming (Eglinton): Might I remind my hon. friend that if the former government had seen fit to amend the law so as to provide for such records we would have those figures today. We have, however, only

been in office for a year and we cannot be responsible for failures under the law before that time.

Mr. Caron: Every time the minister seems to be in a jam he goes back over the last 22 years.

Mr. Nowlan: We are only going back to last year.

Mr. Caron: If there was anything wrong during the administration of the past 22 years why do you not try to correct it today. I think we have the right to know.

Mr. Ricard: We are correcting things; they cannot all be done in one year. Give us time.

Mr. Caron: We have a right to know. I hear the hon. member for St. Hyacinthe-Bagot squeaking away as always. We hear all the time about giving the baby Castoria if he cries; we hear it on the radio, we read it in the newspapers and so on. If he waits a little while I will give him some Castoria.

What I want to know at the present time is whether or not it is the intention of the minister to try to change this situation so that we may get these figures with respect to what the government is paying back in interest to those who have paid their taxes in advance or overpaid their taxes.

Mr. Fleming (Eglinton): Only those who are entitled to a refund will receive any interest in these cases, and then subject to determined conditions. This is not the case of the man who has paid in advance but of the man who is entitled to a refund, and it is the view of the government that when a man has paid more than he was legitimately obliged to pay, the 2 per cent interest on the refund to which he was entitled and which has prevailed for many years is inadequate, and that that rate of interest should be increased in favour of the taxpayer from 2 per cent to 3 per cent.

I do not lay down the rules for statistical compilation of the government or of the former government; it was not the practice under the former government to take off a statistical record, segregating what the 2 per cent rate involved in cost to the treasury. So while the hon. member may regret that the figure is not available I can only inform him that the figure is not available and that the present government is not responsible for the fact that it is not available.

The purpose of this clause is to increase in favour of the taxpayer from 2 per cent to 3 per cent the interest to which he is entitled on a refund under conditions prescribed for the purpose. And the interest is calculated from the latest of three dates; first, the date when the overpayment arises; second, the date on or before which the return was required to be filed; and third, the date when the return was actually filed; and the interest runs to the day on which the overpayment of the tax is refunded.

Mr. Robichaud: The minister or his department must have made some estimate of what it would mean to the treasury to increase this interest rate from 2 per cent to 3 per cent. It must mean that a certain sum of money would not be available to the treasury. There must be an estimate somewhere.

Mr. Denis: Has the minister not got any idea? Is it $50 or $500?

Mr. Fleming (Eglinton): There are many occasions on which a precise estimate of cost to the treasury with respect to a particular change in the tax law cannot be arrived at, and this is a case in which there has been no precise estimate, and in which no attempt has been made to arrive at a precise estimate. It is a measure which is put forward because it is considered to offer more justice to the taxpayer.

Mr. Carter: May I ask if this rise in the interest rate is an indication of an expected rise in the interest rate generally?

Mr. Fleming (Eglinton): No. It will not have escaped the attention of the hon. member that it remains for a government which has had the satisfaction of seeing interest rates brought down substantially since it came to office to propose this increase in the interest rate on refunds due to the taxpayer.

Mr. Denis: Is it the intention of the minister to fix a date after which it will assume responsibility for his own administration? The Minister of Finance refers to what the former government did. Is he going to set an ultimate date after which he will assume his own responsibility?

Mr. Fleming (Eglinton): I think that is a subject for a private chat between the hon. gentleman and myself.

Mr. Caron: The minister tells us that he has no estimate of what this increase will cost the treasury. Did he not ask his officers what this additional one per cent would mean? If the minister never got around to this, why did he not make the figure 4 per cent, or why did he not increase the rate to 5 per cent? It would not mean anything, because there is nothing to show the cost.

Mr. Fleming (Eglinton): I think if we were to increase it to that extent even the hon.

member would be overpaying his tax in order to obtain a high rate of interest on his return.

Mr. Caron: What is the rate charged to those who are late in paying.

Mr. Fleming (Eglinton): I thought the hon. member was well aware of that. It is well known. It is 6 per cent.

Mr. Caron: Why not make it 6 per cent for refund?

Mr. Fleming (Eglinton): Because the 6 per cent is in the nature of a penalty.

Mr. Caron: The government should be penalized because sometimes, when they overpay, it is because the amount has been poorly calculated in the department.

Mr. Fleming (Eglinton): I am deeply impressed by the hon. member's keen desire to see the present government penalized, but he was here for quite a few years and he never suggested that the previous government should be penalized in this way.

Mr. Caron: There is something the minister will have to learn. From now on we are dealing with the future and not with the past.

Mr. Denis: Would the minister not hold Sir John A. Macdonald responsible?

Mr. Benidickson: Mr. Chairman, I think there is a close relationship between overpayment as described in this paragraph and a subject in which the minister himself has always taken an interest, and that is overdeduction. I am not criticizing the administration, but I wonder if it would not be appropriate at this time for some statistics to be given, if they are available, to indicate the extent to which it is proving necessary to make refunds to people who have their taxes deducted at source. We might have some figures as to the amount of money so refunded in recent years and the number of taxpayers entitled to refunds each year.

Mr. Fleming (Eglinton): May I suggest that is a proper question to ask the Minister of National Revenue when his estimates are before the committee of supply?

Mr. Nasserden: Before we pass on from the question which has been brought up by hon. members to my right I think it would be a good thing if the minister would indicate if this government intends to change the policy which has been in effect for a number of years so that in future we may have an accounting of how much is involved, because it seems to me there should be an accounting figure somewhere to show what it represents. It seems to me it is time there was a change in the way this is done.

Mr. Regier: I am concerned about who it is who receives this interest rate. I have never heard of individuals receiving interest out of the government. Must the money lie on deposit for years before a taxpayer is eligible to be paid any interest? I believe there are hundreds of thousands of Canadians who are eligible for some manner of refund at the end of the tax year. Is this 2 per cent regularly added to the refund or must there be a certain minimum amount? Under what conditions is any interest paid?

Mr. Fleming (Eglinton): The fact that the hon. member has not heard of many cases is I think a tribute to the efforts of the Department of National Revenue to make these refunds before April 30, and I think it is not amiss to pay tribute to my colleague the Minister of National Revenue for the efforts which are being made in this respect.

Mr. Regier: In other words, if I understand the minister aright, there is no interest payable on money before April 30. It is only payable on money left after that date.

Mr. Caron: I hope the Minister of National Revenue will not say it should have been asked on the resolution on income tax.

Mr. Benidickson: Would the minister care to explain the intention of paragraph 5.

Mr. Fleming (Eglinton): I thought paragraph 5 was obvious.

Mr. Benidickson: I think it should be on the record, that is all.

Mr. Fleming (Eglinton): It is very obvious at the present time that any application on the part of a taxpayer for a refund in respect of overpayment must be made within two years from the end of the taxation year in question. Cases have arisen where the taxpayer, following the expiration of the two-year period, has found some mistake. It may be that he made a mistake in his own return or, for some reason or other, he considers he has overpaid and wishes to apply for a refund. Under the present law the only way to deal with such a case is for the governor in council to permit an ex-gratia payment to be made, and that is not the way in which these cases should be handled. Therefore it is proposed that the period be now extended from two to four years within which a taxpayer may apply for a refund.

Mr. Caron: Does the minister have any figure to show what it would cost the treasury to extend it for an additional two years?

Mr. Fleming (Eglinton): It is quite obvious, Mr. Chairman, that Solomon himself could not give a figure on that because these are cases that are unknown at the present time. There may be cases that will arise where, after the two-year period, the taxpayer will discover he has a claim to a refund and will make it, but those cases are not known at the present time.

Mr. Crestohl: Does the minister not know that Solomon was a pretty good accountant himself? He was able to count up to 1,000, at least.

Mr. Fleming (Eglinton): I always understood that Solomon lost count after 600.

Mr. Hees: He just lost interest after 600.

The Deputy Chairman: Shall we proceed to a discussion of paragraph No. 6?

Mr. Caron: Mr. Chairman, I see in this paragraph that a gift to a spouse of real property can qualify for exemption from payment of gift tax. In the province of Quebec we have a marriage contract which has to be signed before the marriage. Would that be included in that? In other provinces you can sign a marriage contract or give a gift after the marriage but in the province of Quebec marriage contracts have to be signed before the marriage takes place. I would like to have some clarification of that point.

Mr. Fleming (Eglinton): The nub of the problem would be the effective date, not of the contract but of the gift. This provides for a gift between spouses.

Mr. Caron: But it is a gift by contract. If a man were to give a gift of $10,000 in real property to his wife before the marriage will that be included?

Mr. Pickersgill: His wife? Before the marriage?

Mr. Caron: His wife-to-be. Assume they are to be married in two days.

Mr. Fleming (Eglinton): I think my hon. friend is assuming there will be no slip twixt the cup and the lip; but I do not know that the law in all those cases can assume that the intended marriage is going to be carried out. The resolution contemplates a gift from one spouse to another.

Mr. Macnaughton: Paragraph 6 is a good example of how the tax drafters have considered only English common law and not Quebec civil law. In the province of Quebec the question of gifts between husbands and wives is regulated, as hon. members know, by the civil code. In order to give a gift to your wife you must specify it in the marriage contract which, as was pointed out by my friend the hon. member for Hull, has to be signed before the marriage. If the minister is prepared to give an exemption of $10,000 to people living in English-speaking provinces, why would he not consider giving an exemption of $10,000 on gifts made between husbands and wives and allow the province of Quebec to participate in this general provision because transfers of property between husband and wife—I was going to say are not well known, but in fact they are not even permitted in Quebec as I understand they are in English-speaking provinces?

While I am on my feet, I have a few questions to ask with regard to paragraph six. I note that the paragraph refers to gifts of real property. Does this apply to a gift of cash to buy real property, cash per se and cash to forgive indebtedness arising from the previous purchase of real property?

I also ask this question. If you claim an exemption of $10,000 once on account of a gift of a house between husband and wife, can you also claim a second exemption for the gift of a farm to your son?

Another question arises. Let us assume that I claim only $5,000 of my $10,000 exemption. Can I come later and claim the balance of $5,000? Can I in effect make two gifts up to the extent of $10,000?

Mr. Fleming (Eglinton): Taking my hon. friend's points seriatim, in the first place if it is permissible under the laws of Quebec, the competent draftsman my hon. friend is would seek to provide that the gift which is ante-nuptial in effect, would take effect on the marriage. In that case if the gift were one of real property it would obviously come within the scope of the present resolution.

I believe the next question my friend asked was whether cash could be substituted for a gift of real estate and the answer is no. The law at the present time permits a gift of $4,000 per annum, but the purpose of this provision is to create more security in the Canadian home for the spouse and, of course, particularly for the wife. That is the whole purpose of the clause.

My hon. friend asked about the possibility of two gifts, a gift to the spouse and then, if the property should happen to be a farm property, a gift to the son. The answer is that there is one gift permitted and only one of $10,000 in value. My hon. friend realizes that this is in addition, of course, to the present permissible gift of $4,000 per annum.

Mr. Crestohl: During the course of the afternoon I referred to a subject and perhaps I gave the minister a bit of a running start because it is dealt with in this paragraph. In the very best of faith there is an

oversight in this paragraph in so far as the citizens of the province of Quebec are concerned. Perhaps I discussed this subject this afternoon under a heading which may have made me slightly out of order and I would like to repeat my remarks now and ask the minister to examine the question.

Husbands and wives in Quebec who have no ante-nuptial contracts are considered to be common as to property. That is the law of the province. In fact, Quebec is the only province in the whole of Canada with that peculiarity in its law. Consequently a husband in that province who is common as to property with his wife—I am not concerned about the separation as to property at the moment—is prevented under this paragraph from taking advantage of giving a gift to his wife as contemplated by this clause.

I can visualize the following situation. A husband who is common as to property in Quebec might wish to give or pass to his wife $10,000 ownership in the home which they occupy, and I use that figure because that is the restriction under this paragraph. Property cannot be conveyed in Quebec, as it can in other provinces, unless it is done by notarial deed. The husband and wife must go to a notary to have such a deed drawn up. A notary who is ethical and who knows his law will promptly say to him, "Under article 1265 of the civil code of the province of Quebec you cannot make a gift to your wife."

Assuming a notary were to draw up such a deed and the husband died later, the succession duty assessors who are very able and knowledgeable gentlemen, in assessing the estate must find that the gift which the husband gave to his wife is completely void and the $10,000 would revert to the estate.

I am to give an example. A husband who is worth $100,000 ostensibly gives his wife under this section a gift of a $10,000 interest in the home. When he dies the value of his estate should then be $90,000 because he has parted with $10,000 by a legal gift to his wife under this section. Assuming there are no children, she is entitled to an exemption of $60,000 leaving a taxable estate of $30,000. But in assessing the estate the inspectors will find the flaw in this gift. It is a gift that is void. It is not even voidable. It is void ab initio. Consequently there is an estate of $40,000 on which succession duties must be paid.

As I said this afternoon, I think that some provision should be made to allow husbands or wives in the province of Quebec who are common as to property to benefit from this form of gift. I have discussed the matter with lawyers who are perhaps more familiar with the civil law than I am and they have confirmed the suspicion that this clause will not afford the same benefit and have the same force and effect in the province of Quebec as elsewhere. Therefore I suggest to the minister that perhaps between now and the bringing down of the bill he might give this matter very careful consideration. Perhaps some means can be devised to allow the province of Quebec to enjoy the fullest advantages of this section in the same way as the other provinces of Canada.

Mr. Fleming (Eglinton): Even according to my hon. friend's contention, it is not this section which denies the benefit to the Quebec spouse. According to his argument it is the law of Quebec—

Mr. Crestohl: Correct.

Mr. Fleming (Eglinton): —so he should not say it is this provision which denies benefit to the Quebec spouse. I want to point out to him that the spouse in Quebec, as between whom and his spouse there is community of property, does not need this clause. There is community of property between them and they therefore share ownership of the family home. There is a situation which does not exist in the other provinces, and surely my hon. friend is not going to deny the opportunity, so far as tax legislation can do it, to extend the benefit of community of property to spouses in the other provinces in respect of the family home.

Mr. Crestohl: The fact does remain though that it is intended under this section to allow a husband to make a gift to his wife free of gift tax. That can happen without any difficulty in any of the other provinces of Canada. The husband can make a gift to his wife free of gift tax. Under the laws of the province of Quebec this is not possible under this section.

Mr. Macnaughton: What we are saying in effect is that the gift tax provisions should allow the husband to pay $10,000 to his wife under his marriage contract free of gift tax. That is what we want.

Mr. Fleming (Eglinton): I did not catch that.

Mr. Macnaughton: We are asking that the law should be amended to allow a husband who has a marriage contract in the province of Quebec to pay $10,000 to his wife free of gift tax.

Mr. Fleming (Eglinton): This provision is not intended to be a duplication of the present provision with regard to the $4,000 per annum which a husband may give to his wife. That

stands. This is intended to create security for the wife in the ownership of the family home. It is related directly to the family home and that is the purpose of it. It does not relate to cash gifts at all. It permits a gift of an interest in the home.

Mr. Caron: In the province of Quebec husbands are not allowed to give gifts to wives or wives to husbands. How will we do it? They can do it up to 48 hours before they sign the marriage contract. Would they be exempted from gift tax? If not, I think it is a case of discrimination against the laws of the province of Quebec which are not the same as in the rest of Canada. We still have the Napoleon code.

Mr. Fleming (Eglinton): This provision, which has much to commend it, is available to anybody in Canada once parliament enacts it. If it is my hon. friend's opinion that the law of Quebec prevents some spouses there from deriving benefit from this provision, I think in all fairness that should not be pleaded as a reason for denying this benefit to spouses in other provinces, particularly when it is a fact that those spouses in Quebec as between whom community of property exists already have similar benefits.

Mr. Caron: Would it not be possible to amend clause 6 to provide that gifts given under the marriage contract which is signed a few hours or a day before the marriage will be considered as gifts given to a spouse and be exempt from gift tax? That is what we want. We do not want to stop others from benefiting but we want those in the province of Quebec to be able to have this benefit.

Mr. Nowlan: The hon. member is speaking about the province of Quebec where under certain circumstances they have community of property. From what I have seen in my limited practice, and I am sure others in English-speaking provinces have seen it too, a husband will deed a property to his wife as joint tenant. Perhaps they build a home when the husband retires and they create a joint tenancy. Then the husband dies and in the course of events it is suddenly found that there is a gift tax because the property is owned by the husband and the wife had not put any money into it. Time and time again complications have arisen because of the gift tax and gift tax assessments. It is to avoid cases such as that that this section is designed. It refers to the home of the husband and wife.

I think you will all agree that when they start out early in life the husband buys a home. That is all right. But later on they retire and he may build or buy another home. The probabilities of life expectancy being what they are, the chances are that he will pass on before his wife and the husband may create a joint tenancy. But then complications may arise because of the gift tax. This section is designed largely, so far as husbands and wives are concerned, to overcome that difficulty and that difficulty only. There is also, of course, the feature of encouraging a father to turn over his farm property to his son and thus avoid payment of gift tax as has happened so often in the past. It is remedial legislation.

Mr. Crestohl: I do not doubt at all the lofty and desirable intentions of this section of the law but I am a little apprehensive whether or not it delivers that which it seems to deliver so far as husbands and wives in the province of Quebec are concerned. If it does and if the minister is satisfied that it does then we want him to convince us. I appreciate the lofty intentions which motivated the section. I agree with it and accept it but, as I said, I am very doubtful whether or not, in so far as the province of Quebec is concerned, it will be as effective, useful and helpful as the minister has just said it will be in other provinces.

Mr. Fleming (Eglinton): Give us a chance to put it to work and let us see then whether my friend's misgivings or our hopes are justified.

Mr. Crestohl: Perhaps the minister could get a legal opinion in the course of the next few days in order to assure the house that the section will deliver that which he thinks it will deliver. Perhaps he could get a legal opinion from the Department of Justice or the Minister of Justice. We would like to have a legal opinion.

The Deputy Chairman: Are we finished with paragraph 6?

Mr. Crestohl: No. I call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business will be for tomorrow?

Mr. Green: Tomorrow we shall continue with these income tax resolutions, and then take the estimates of the Department of Agriculture.

Mr. Chevrier: Can the leader say what the business will be on Monday?

Mr. Green: On Monday we intend to move to go into supply.

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

ANSWER TO QUESTION

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

UNEMPLOYMENT INSURANCE FUND

Question No. 144—**Mr. Carter:**

Question

1. How much money has been paid into the unemployment insurance fund per month since June, 1957?

2. How much has been paid out of the fund each month since June, 1957?

3. What is the balance remaining in the fund at the present time?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Amount of money paid into the unemployment insurance fund by months since June, 1957—

1957	Contributions		Fines and penalties	Interest	Total
	Employer and employee	Government			
	$				$
June	15,021,623.50	2,943,617.85	3,023.47	2,272,289.40	20,240,554.22
July	17,247,401.41	3,447,485.65	3,615.10	2,372,308.15	23,070,810.31
August	15,760,354.64	3,195,337.52	2,988.77	2,408,448.32	21,367,129.25
September	16,101,864.73	3,191,741.24	3,153.24	2,358,987.61	21,655,746.82
October	16,720,914.67	3,376,830.41	3,957.70	2,755,656.23	22,857,359.01
November	16,035,563.50	3,205,299.47	4,800.64	2,356,477.86	21,602,141.47
December	16,190,473.26	3,238,501.82	5,042.57	2,502,808.78	21,936,826.43
1958					
January	16,765,637.75	3,353,733.35	4,078,44	2,057,941.15	22,181,390.69
February	15,017,782.63	3,002,326.52	3,845.89	889,689.98	18,913,645.02
March	17,243,276.06	3,440,303.75	5,110.04	1,318,846.46	22,007,536.31
April	11,950,979.55	2,397,510.10	—	1,203,929.51	15,552.419.16
May	16,116,253.92	2,955,870.97	4,240.56	1,503.542,73	20,579.908.18

2. Amount of money paid out of the fund by months since June, 1957—

1957	Benefit Payments		Total
	Ordinary	Seasonal	
	$	$	$
June	14,330,727.76	—	14,330,727.76
July	13,776,646.25	—	13,776,646.25
August	13,010,710.45	—	13,010,710.45
September	13,786,969.73	—	13,786,969.73
October	16,305,464.48	—	16,305,464.48
November	18,961,516.48	—	18,961,516.48
December	29,060,050.04	2,847,773.23	31,907,823.27
1958			
January	48,526,541.35	12,207,552.96	60,734,094.31
February	48,032,551.48	15,251,442.56	63,283,994.04
March	52,571,778,86	19,782,724.35	72,354,503.21
April	45,721,656.28	20,927,988.44	66,649,644.72
May	34,344,023.72	17,282,627.00	51,626,650.72

3. Balance in the fund at May 31, 1958—$662,056,156.77.

HOUSE OF COMMONS

Friday, July 11, 1958

The house met at eleven o'clock.

PRIVILEGE

MR. PEARSON—REFERENCE TO PRESS REPORT OF REMARKS MADE IN DEBATE IN SENATE

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege affecting the members of this house. It arises out of a report in the press of a statement made in the other place about the hon. member for Vancouver Centre (Mr. Jung) with reference to his racial origin.

Mr. Speaker: Order. I rather anticipated that point might be raised. Some hon. members have already spoken to me about it. In my view a question of privilege cannot properly be raised against a member of the other house for something said in the other house. The other house has its privileges just as we have, and its powers over its own members to deal with their conduct in the other house. It does not seem to me to be appropriate to raise, as a matter of privilege, something said by a member of the other house when this house has no power to deal with the matter. I do not say that it is not a proper matter for comment at a proper time or that one cannot refer to or cite the proceedings of the other house. However, I do not think it is appropriate to raise what the hon. member has in mind as a matter of privilege.

Mr. Pearson: Of course, Mr. Speaker, I accept your ruling; but as this statement in the other house referred to a member of this house, and as this statement has appeared in the press under headlines which I think are derogatory to the members of this house, I had thought and hoped I could bring it forward in this way under these circumstances.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would think that the person who might raise the matter, if it can be raised at all, would be the hon. member for Vancouver Centre. Whether he will entertain the same resentment as do members as a whole will remain for him to say when he comes here. In any event the matter could be discussed next week in a general way when the subject of external affairs is up for consideration. I feel that Mr. Jung—and I refer to him as Mr. Jung—should be here when this matter is referred to because whatever answer he gives will be in keeping with the tradition that we are all Canadians.

Mr. Speaker: As this is a rather novel matter, perhaps I might take it under further consideration. May I say that I appreciate what hon. members have said.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, we greatly appreciate the attitude Your Honour has taken on this matter. However, there is one point which has not been mentioned by you but which we feel means a great deal, and it is this. If a reflection is made on a member of the House of Commons, is that then not a matter of privilege in the House of Commons?

Mr. Speaker: I have already expressed my immediate view on the subject and, as I say, I will give it further consideration.

RAILWAYS AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Hon. W. Earl Rowe (Dufferin-Simcoe) presented the first report of the sessional committee on railways, air lines and shipping, and moved that the report be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

PRESIDENT EISENHOWER—STATEMENT ON SUBJECTS DISCUSSED

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition asked whether I could make a statement regarding the discussions which took place as between the President and Secretary of State of the United States, various members of the government and myself. While I have not had an opportunity during the intervening hours to make very much preparation in this regard, I will outline in general the discussions which took place, leaving, however, detailed discussion until the debate on external affairs which is set for next week.

The members of this house and our fellow citizens in this city have shown very clearly how happy they were to welcome the President of the United States to Ottawa. A visit of this kind is an opportunity for us to demonstrate the ties of history and kinship which bind us together, and I know we were all very pleased to have the President address this house. He stated his views frankly and in a straightforward manner, as we have done for this government. We appreciated

the opportunity to hear him explain the views of his country on those important issues which are of consequence to both our nations. Nothing better illustrates the strength of our relationship than that we can talk honestly to each other without endangering the association which holds us together.

The same spirit which was evidenced in this house was also apparent during the discussions between the President and the Secretary of State of the United States, the Secretary of State for External Affairs, other ministers and myself. We were aided by the presence of Mr. Dulles, who shared with us his broad experience and wide grasp of the problems of international relations. He had just returned from Paris and was able to give us a general idea as to the attitude of France respecting the great problems which particularly affect her and those which affect Canada jointly with France as members of NATO.

I think what has taken place illustrates the need of some continuing body to permit of a general discussion from time to time of our respective points of view. Respecting the earlier reference to the need for arrangements to permit of discussion from time to time between members of the congress of the United States and the parliament of Canada, while constitutionally as far as the President is concerned no decision in that regard could, of course, be achieved, the success of the meeting in general, as a meeting between the President and myself and the others to whom I have referred, indicates how very important it is that something in the nature of an exchange of opinions should take place from time to time as between the parliament of our country and the congress of the United States. My hope is that the recommendations which were made by the committee composed of Congressmen Hays and Coffin will be accepted; that a committee on Canadian-United States relations will be set up in the United States congress, and that we in our House of Commons will set up a similar committee, and that from time to time mutual exchanges will take place between members of these committees or between members of parliament and members of congress outside those committees, to the end that in general discussion the views of each nation may be ascertained and thereby, through discussions, causes of disagreement removed.

As far as the general discussions which took place are concerned, the President and I touched upon most of the pressing issues of the day as well as upon matters of more particular bilateral interest. There was very broad agreement on these fundamental issues, and whatever differences we may have on details there was never any question either before these meetings or during them—nor will there be, I know, in the days ahead—that either of our nations will lose sight of the fact that we must remain united in our objectives and in our determination if freedom is to be maintained.

The Secretary of State for External Affairs and I discussed with President Eisenhower and Mr. Dulles such matters as progress toward disarmament and the changing nature of Soviet policy with reference to the economic challenge of the critical situation in the Middle East. The Minister of National Defence had an opportunity to talk over our mutual defence problems with Mr. Dulles. The Minister of Finance and the Minister of Agriculture discussed trade and economic questions, and the Minister of Public Works and the Minister of Northern Affairs and National Resources had a talk on the problem of boundary waters. In addition to these more formal talks there were, of course, opportunities for a less formal exchange of views in the atmosphere of the social occasions during which we met.

With respect to the international situation, members of the house are aware that discussions have taken place during the last year or so with regard to the providing of safeguards against the danger of surprise attack, and Canadians and Americans have a particular and special interest in these arrangements for the polar regions. These matters were discussed with reference to the recent letter which Mr. Khrushchev sent to the President signifying Soviet readiness in principle to enter into direct discussions on the technical aspects of the problem of preventing surprise attack.

Hon. members will not expect me to indicate even in general terms the contents of the President's contemplated reply, but that its broad purpose is to bring about such technical talks will be evident from our agreement that experts should work together on this problem. Studies have been under way for some time, and I understand that similar work has also been done in the United States. The meaning of our agreement is not only that there should be consultation between our officials; such exchanges of views on disarmament matters have long been a feature of our normal relations. It signifies rather that in the immediate future our collaboration should concentrate in a practical way on this particular and very important matter.

As to the general question of defence, it has been the aim and purpose of this government—and I think that view has been accepted by the Canadian people as a whole—that at all times in our joint defence efforts

we must assure and maintain over and above every other consideration the political and civilian control with respect to military matters. During the course of the President's visit we reviewed the complex issues which arise from the joint efforts of our two governments in the field of continental defence. There was mutual recognition of the increased necessity for regular consultation between our two governments, both on the specific requirements with which the two governments may expect to be faced in providing for the security of North America and on international events which could lead to the necessity of activating the continental air defences. There was full realization that our joint efforts in the defence of North America must continue to serve the objectives of the NATO alliance in which we have banded together with other like-minded countries in the search for collective security in an uneasy world.

In these discussions we took note of the intimate co-operation of our two countries over the past two decades in matters relating to continental defence and of the machinery which had been established to provide for the consideration of defence problems of common concern. We recognized that these interdependent defence relationships must continue and, indeed, that they would become even more important and more complex in the face of the advanced weapon technology which is now available to potential aggressors. We agreed that while existing machinery in the defence field had served us well in the past and would undoubtedly continue to do so in the future, the need existed to supplement existing channels for consultation by providing for a periodic review at the ministerial level of problems which might be expected to arise. We recognized that decisions in this field would involve not only consideration of the military aspects of our common defence but also political and economic factors. We thought it particularly important as well that every step should be taken to maintain the principle and the fact of civilian control and guidance of these common military activities.

We agreed therefore that we should establish a joint ministerial committee to be known as the Canada-United States committee on joint defence, with scope to consider all matters bearing on the common defence of the North American continent. This committee will consist for Canada of the Secretary of State for External Affairs, the Minister of National Defence and the Minister of Finance; and for the United States of the Secretary of State, the Secretary of Defence and the Secretary of the Treasury. We agreed that such other appropriate cabinet members as either government might designate from time to time might participate on an ad hoc basis in the committee's deliberations. The committee will normally meet alternately in Washington and Ottawa under the chairmanship of the Secretary of State when the meeting is held in the United States and of the Secretary of State for External Affairs when the meeting is held in Canada.

In regard to the question of defence production, we examined together the situation which arises in these days of mounting defence costs and the need for rationalizing whenever possible and consistently with national requirements the industrial base for our own defence needs. In anticipation of a meeting of the newly-announced committee at cabinet level on defence matters, some consideration has been given to the sort of items which might be placed upon the agenda. Further consideration, of course, will have to be given in consultation with our colleagues in each country to prepare ourselves to discuss in adequate detail many of these matters.

That in general represented the tenor of the discussions with respect to the subject of defence. So far as particulars are concerned, they will be available in committees; in the committee on defence, as an example, when the minister might be asked further questions with respect thereto.

I now come to the problem of economic questions. Consideration was given to the principal economic issues that are now facing the free world. It was agreed that some of those have become intensified by the Soviet economic offensive. It is more important now than ever before that measures be considered which might be expected to strengthen the economies of countries in the free world through the expansion of international trade and the promotion of programs of economic development. If progress can be made in these directions, as I believe it can, it may become easier to make fully convertible the main currencies in which world trade is conducted; but it would be quite wrong to suggest, as one newspaper did this morning, that any plans had been agreed upon, or been determined in part, with respect to convertibility of sterling since, of course, such action is entirely for decision by Her Majesty's government in the United Kingdom.

We received from the President and his Secretary of State reports concerning the prospects for the trade agreements legislation. We described the preparations being made for

the commonwealth trade and economic conference. Within those limits various matters were discussed, all of which, of course, cannot be referred to at this time. However, there is one matter of particular interest and that is the necessity, as we see it in Canada, of revising the list of strategic materials which come under either prohibition or control for export to the Soviet bloc and to communist China. This matter is going to be considered at length at a conference that is about to take place in Paris of representatives of nations of the free world.

I raised with the President the question that some Canadian subsidiaries of United States companies may have been prevented from accepting orders from communist China, or from peoples in that country, by the application of United States foreign assets control regulations, even though acceptance of such orders would be permitted by the policy of the Canadian government. The President expressed the view that the United States regulations should not be applied in any way to the disadvantage of the Canadian economy. If cases arose in the future where the refusal of orders by companies operating in Canada might have any effect on Canadian economic activity, the United States government would consider favourably exempting the parent company in the United States from the application of the foreign assets control regulations with respect to such orders.

It was made perfectly clear, and I want to underline this fact, that there was no question at any time that, with respect to the operations of Canadian companies, Canadian law shall govern and Canadian wishes shall be respected. Further consideration of this question will naturally require some days. I go no further at this time except to re-underline what I have said to re-emphasize the stand taken by this government, that Canada as a sovereign nation has the right to the maintenance in its full amplitude of its legislative enactments, both dominion and provincial.

I think that in general is a summary of—not in particular—the discussions that took place. I must say that during the course of the three days I was more than ever impressed with the very reasonable and co-operative attitude that was taken to assure that at all times anything that takes place in the economic field which might conceivably cause difficulty to either of our countries will to the limit of our respective capacities be resolved to the end that our unity shall be maintained; that in whatever we do there will be a full realization on the part of each of us that in taking our individual courses as individual nations every regard and respect will be paid to the fullest consideration that nothing that is done shall detrimentally affect the other country; and that indeed we now approach an era internationally where it becomes more important than ever before that the nations of the free world must, in the interests of survival itself, bring about economic changes in unity that might 15 or 20 years ago have been regarded as impossible of achievement.

I conclude by saying in very simple words that this conference did represent a forward step. There was a spirit of mutual respect and forbearance and a common desire to arrive at decisions which will assure that the unity that we all desire to attain will be preserved, and that the sovereignty of each of our countries will not be impinged upon in any way.

Hon. L. B. Pearson (Leader of the Opposition): I am sure, Mr. Speaker, that the members of the house—certainly we on this side—are grateful to the Prime Minister for his statement, and all the more so because he has not had very much time in which to prepare it after coming, I suppose, straight to the house from seeing off the President and Secretary of State. We will, as the Prime Minister has said, have an opportunity next week in the discussion of external affairs to go into these matters in greater detail, because their importance certainly justifies that discussion.

We on this side of the house share the satisfaction of the Prime Minister and his colleagues in the good results which have been achieved during this visit. We share with him the pleasure of having had in our capital at this time the President and Secretary of State. I am sure the conversations between the Prime Minister and President have been fruitful and useful, just as those between the Secretary of State for External Affairs and the Secretary of State have been.

The Prime Minister has indicated that some new prices of international machinery have developed out of this meeting. He made reference to the joint committee on defence which is being set up. This should, I think, be a useful development, though speaking as one who has had some experience with international machinery in recent years, just as is the case with other such pieces of machinery this will be as valuable and as useful as the participants desire to make it. I am glad the Prime Minister mentioned the desirability of a joint committee of parliament and congress being set up. This is a matter which was recommended from the United States side by Congressmen Hays and Coffin in their

report, and by Senator Aiken. It was referred to also by the Prime Minister in the United States a few weeks ago.

I cannot think, myself, of anything at this time which might be more useful than such a joint committee. I quite realize that this is a matter concerning which the President would have to be very careful in his talks with the Prime Minister because of the division of powers in Washington. Nevertheless, perhaps the initiative which has been taken could be followed up on the legislative level, and something permanently useful could result.

I noticed with much interest the Prime Minister's reference to the economic aspects of his talks. I agree with him that too much stress cannot be placed on the necessity for expanding trade, not only in the interests of the prosperity of the countries concerned but because the necessity to expand trade in the free world will perhaps become more and more important as a defence against the kind of aggression from the other world which reflects itself not so much now in aggression across borders as in aggression in markets. The Prime Minister, I think, was quite right when he mentioned that one aspect of this expansion is convertibility, though neither the President nor the Prime Minister, or their governments, can themselves bring about this convertibility. It is one of the objectives they both have in mind. It is an objective which might be encouraged and sought at the forthcoming commonwealth economic conference.

The Prime Minister mentioned that from time to time difficulties arise between our two countries because of our differing regulations in regard to trade with the communist countries. It seems to me, and I know the Minister of Trade and Commerce must be very much aware of this, that the sooner we can agree among the NATO countries—I know talks are going on to this end—on a uniform list of commodities which are on the strategic list and therefore not exportable to countries which we fear, the sooner those difficulties will disappear.

This question of the China differential has been before us now for years, and the sooner it can be cleared up the better. This morning the Prime Minister said, and it was a very interesting part of his statement, that he felt sure as a result of these talks—I do not want to misquote him or say anything which does not reflect his meaning. However, I gathered the impression that he felt sure that the difficulties which have developed in one or two cases over the export of goods to communist China can be cleared away by the application of United States law in such a way that it will not prevent Canadian subsidiaries of United States companies from exporting goods to other countries if that is within our laws and our regulations. I am sure that must be a welcome development to all members of this house. It was therefore with some mild disappointment that I read in the press conference report last night that the spokesman of the United States delegation was not able to go any further in his statement than to say that in these matters consultation would take place when difficulties arose.

The Prime Minister referred to the initiative that has perhaps been taken—one is never quite sure in these matters whether or not a genuine initiative has been taken—by the Soviet government with regard to technical discussions for the prevention of surprise attack. I am sure that members of the house will have heard with great satisfaction that both the Canadian government and the United States government are determined to follow up this move in case it turns out to be a valuable and useful initiative. It is, of course, something that has been in the minds of the Canadian government for a long time, especially in its relationship to Arctic defence. It is encouraging to know that the reaction in Washington and in Ottawa—and I am sure in London and Paris—has been quick and positive to what may turn out to be a useful move.

I am sure that the talks that have now been concluded have been carried on with that frankness which is characteristic of a tried and tested friendship such as that which exists and must be maintained between our two countries. It has been said that neighbourhood is a geographical fact but that neighbourliness is a relationship between people. I feel certain, Mr. Speaker, that the talks which have just been concluded have deepened and strengthened that neighbourliness which is now more essential than ever in both countries in the tense and dangerous world in which we live.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group listened with anticipation, interest and attention to the Prime Minister's preliminary and, naturally under the circumstances, brief review of the discussions with President Eisenhower and his colleagues. Naturally there is great interest in what the Prime Minister had to say this morning because of the great concern in Canada with the many problems that face us at the present time—I refer to our difficulties with respect to defence; disarmament; markets for lead, zinc, copper and other metals; markets for oil; markets for wheat and many other Canadian commodities—and also, Mr. Speaker, because of the growing interest and concern with respect

to the settlement of the issues between us and the United States concerning the development of boundary waters.

The substance of the arrangements reported by the Prime Minister, in the opinion of this group, will be revealed only after discussion on the estimates of the Department of External Affairs, after further explanations and details are given by the Secretary of State for External Affairs and as a result of action taken in the days ahead by the governments to meet the problems that concern us all.

[*Later:*]

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to ask the Prime Minister a question arising out of his extremely informative statement to the house a few moments ago. Can the Prime Minister say definitely whether or not in the future a Canadian company like the Ford Motor Company would have the right to export automobiles to China? Would the Prime Minister also say what consultation took place on the question of Canadian oil exports to the United States and whether, as a result of this conference, anything is being done or is likely to be done to increase the market for Canadian oil, a very important point for many geographical areas in this country?

Mr. Diefenbaker: In so far as the last question is concerned, Mr. Speaker, I may say that there was discussion respecting oil and also the other matters to which the Leader of the Opposition made reference a few moments ago. While discussions took place and while representations were made, I do not think there is any useful information I can give on these questions at this time. There will be a meeting shortly, I hope, of the members of the economic committee, when in particular these questions will be discussed. During our talks naturally they were dealt with at some length in general between the President and myself but, of course, in detail as between the Minister of Trade and Commerce, the Minister of Finance and the Secretary of State for External Affairs.

However, as to oil, I can say that the problem is a difficult and complex one. We placed before the United States representatives most strongly the position of the oil industry within our country and the need of the amelioration of any unnecessary embargo or reduction in import by the United States. These discussions are still continuing. As I say, these matters cannot be determined in a matter of a few hours or a few days. However, the fullest discussion took place with regard thereto with, of course, the realization by this government of the need of markets being extended and expanded not only for oil but also in respect of other products of Canadian mines. Without going into detail, I would mention in general iron, lead, zinc, copper and also aluminum and nickel.

Mr. Argue: And wheat?

Mr. Diefenbaker: I was dealing with the others. As one who was raised in the west, I may say that wheat never gets too far away from my thinking.

As to the first question, I would say that while the discussions were, naturally, particularly directed to the export of Ford cars, I was rather surprised to read this morning in a statement purported to have been made by the president of the Ford company that at no time was there anything in the nature of finality, and there was apparently no more, as I understood his statement, than some negotiations and discussions. I do express the hope that if the Ford company can secure an order from communist China it will be able to ship the cars.

Hon. Paul Martin (Essex East): Might I ask the Prime Minister if it was clear from the discussions between the President of the United States and himself that the directions of the United States in this matter are simply pursuant to treasury regulations, or do they involve any act on the part of congress itself?

Mr. Diefenbaker: I would say at this moment that the situation comes within the expression used by the hon. gentleman. If the regulations are dependent upon immediate congressional action in the United States—by a congress seemingly more desirous of an early conclusion of the session than is sometimes apparent in this house—I would think that any such legislation which might be introduced during the current session of congress would not have much hope of being passed.

Mr. Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs if, with regard to the joint ministerial committee on defence, it will be within the terms of reference of that committee to include consideration not only of defence matters as such but the related matter of civil defence? Could the Secretary of State for External Affairs also give some information to the house as to why the Minister of Defence Production should not be included as one of the Canadian ministers on the proposed joint international ministerial body?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, with respect to the first part of the hon. member's question having to do with civil defence, there was no discussion of that matter in the discussion concerning the setting up of this committee. I have the text of the announcement given to the press, and the committee will consult on matters bearing upon the common defence of the North American continent which lies within the North Atlantic treaty area. I believe it could well be demonstrated that civil defence bears on military defence. It could well be that civil defence could be discussed in the committee. I do not contemplate that in the meetings of that committee we will abide by strict rules of procedure; it will be a forum for a discussion of common problems in the field designated by the announcement.

With respect to the second part of the question raised by the hon. member for Essex East, as has been indicated to the house, this is going to be a six man committee, but I would draw his attention particularly to this paragraph: "Other ministers may participate on an ad hoc basis on a request by the committee." I can well anticipate that the Minister of Defence Production will be called into the discussion from time to time.

Mr. Pearson: May I ask the Secretary of State for External Affairs whether it is anticipated that the present joint defence board, Canada-United States, will report to this proposed joint defence cabinet committee?

Mr. Smith (Hastings-Frontenac): That has not been considered. I draw the attention of hon. members to this statement: "The committee will not supplant but will supplement existing joint boards and committees." I can well anticipate that at the military level —there are two other committees which provide for consultation across the border at military level, so there are three altogether, including the joint defence board—on occasion we will have to get the views of those two committees.

(Translation):

ROYAL VISIT

PRINCESS MARGARET—REPORTED CANCELLATION OF OFFICIAL RECEPTION IN BRITISH COLUMBIA

On the orders of the day:

Mr. Alexis Caron (Hull): May I put a question to the Secretary of State (Mr. Courtemanche)? I am sorry I have not had time to give him proper notice, but I think he will be able to answer it just the same.

Inquiries of the Ministry

According to an item in yesterday's Toronto *Star,* Premier Bennett of British Columbia had to cancel an official reception for Her Royal Highness Princess Margaret because of undue interference in this matter on the part of the Prime Minister of Canada. Will the Secretary of State tell us whether that report is true, and would he be so kind as to produce all correspondence exchanged on the subject?

Hon. Henri Courtemanche (Secretary of State): I have not seen this news report in the Toronto *Star.* I will check the accuracy of the report, will look into the matter, and will then be in a position to reply to the hon. member for Hull.

(Text):

TELEVISION

MARITIME PROVINCES—REQUEST FOR COVERAGE OF HOLT-DURELLE FIGHT

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, might I ask the Minister of National Revenue what are the possibilities of having the Holt-Durelle fight televised in the maritimes next week?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, this matter has been raised in this house and outside of this house on several occasions by the hon. member for Westmorland, the hon. member for Saint John-Albert and others. The television rights are controlled by the international boxing commission, I am advised, and that commission at first refused point-blank to allow any telecast of the fight. However, this is a fight for the British empire championship, and the Canadian Broadcasting Corporation has discussed the matter at length with the commission. I am glad to say that arrangements were finalized this morning whereby this fight will be telecast on the night of July 16 at ten o'clock p.m. eastern standard time. We have also made arrangements with the South African broadcasting commission so that the fight will be broadcast in South Africa, and possibly in other parts of the British commonwealth.

POST OFFICE DEPARTMENT

MAIL DELIVERY OF COMMUNIST PROPAGANDA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I would like to address a question to the Postmaster General, arising out of a newspaper report that a newspaper, faked by the communists to look exactly like *Ceske Slovo,* a free Czech paper published in Munich, has been received by mail by more than 1,000

Czech Canadians. Does the Postmaster General know if there is anything that can be done to stop this communist propaganda by misrepresentation which is coming through the mail in increasing numbers and causing especially a great deal of irritation and concern to ethnic groups?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I will look into this matter and give the Leader of the Opposition an answer next week.

TRANSPORT

BRITISH COLUMBIA—NORTHERN DEVELOPMENT RAILWAY EXTENSIONS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I address a question to the Prime Minister, arising out of the fact that I believe all the members of the House of Commons who come from British Columbia received a wire this morning from Hon. Mr. Bonner in his capacity as minister of industrial development, trade and commerce of that province, informing us that he understood that within a few days a decision will be reached by the federal government on the route of the northern development railway extensions and asking the British Columbia members of this house to inquire of the Prime Minister whether, if such is the case, serious consideration is being given to a tie-in of routes for railways so there will be a planned basis of development in British Columbia?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, perhaps I could answer this question. The matter of the Pine Point railway has been before the government for some time. We have received representations from the government of British Columbia and from many bodies in Alberta, and when a decision is made on the route it will be announced at the proper time.

INCOME TAX

PREMIUM IRON ORES—CANADIAN REPRESENTATIONS TO U.S. GOVERNMENT

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, could I ask the Prime Minister whether he found an opportunity, as reported in the press, to discuss again with his United States visitors the views of his government, which I believe are not dissimilar from those of the former government, with respect to the United States tax claim against a Canadian corporation, namely Premium Iron Ores Limited?

[Mr. Pearson.]

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, discussions were held with regard to this matter and there was an exchange of ideas on the question, which has been a vexed one for a considerable period of time.

LABOUR CONDITIONS

MONTREAL—PROSPECTIVE LAY-OFF BY CANADIAN CAR AND FOUNDRY AT TURCOTTE PLANT

On the orders of the day:

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I would like to address a question to the Minister of Labour, which might also perhaps be properly addressed to the Minister of Transport. Has the minister been made aware that Canadian Car and Foundry Company is being forced to close its Turcotte works in Montreal, resulting in the lay-off of about 1,000 people for at least four months? Is the minister also aware that this is due to the fact that the railway companies are no longer placing advance orders for capital goods because of the freight rate question? Since the Montreal area is deeply concerned, has the minister any comment to make on this question?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am not aware of this pending lay-off, but from time to time during the past year I have been in touch with both railways regarding the possibility of orders being placed with those companies which manufacture rolling stock in Canada, and I have been continually assured that the railways place all orders as early as possible for their anticipated requirements and that they keep such companies advised well in advance of pending orders. I am afraid there is nothing more I can say at this time.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—STATEMENT ON REQUEST FOR ASSISTANCE TO HALT VIOLENCE IN INTERIOR

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, yesterday the hon. member for Kootenay West asked if I could report to the house with respect to co-operative arrangements between the federal government and the government of British Columbia in connection with the problem in the Kootenays created by the sons of freedom members of the Doukhobor sect. I must advise the hon. gentleman that we have not yet received a reply from the government of British Columbia to the letter we wrote them some two weeks ago.

INDUSTRY

SAINT JOHN, N.B.—REPORTED REMOVAL OF SUGAR REFINERY

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to address a question to the Minister of Transport. In view of the statement made in Saint John, New Brunswick, on June 26 last by Mr. Alex B. Hill, president of the Atlantic Sugar Refineries Limited, to the effect that his company was "being pushed out of Saint John", could the minister advise the house what action, if any, is being taken by his department or by the government to prevent the contemplated closing of the Saint John sugar plant and its transfer to another point in central Canada?

Hon. George H. Hees (Minister of Transport): I am not aware of the statement, and since the hon. member did not take the trouble to send me a copy of it I am afraid I cannot comment.

Mr. Speaker: I think the question was asked before in the house, though my memory may not be correct.

Mr. Robichaud: The minister said he was not aware of the statement, but the matter was discussed in the house, even though a question was not asked about it. May I ask a supplementary question. Has the minister been made aware that the construction of another pier at Saint John harbour together with the application of more favourable and competitive freight rates would assure the continuation and even the expansion of this company's operation at Saint John, to the benefit of New Brunswick and of the Atlantic region generally?

An hon. Member: There is no answer.

Mr. Hees: There was no question.

Mr. Speaker: The question seems to be the advancement of an argument.

GRAIN

DELIVERY QUOTA POSITION IN PRAIRIE PROVINCES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question for my friend the Minister of Trade and Commerce which I am sure he will welcome. Will the minister say what progress is being made toward the equalization of delivery quotas on the prairies, whether the producers will have an opportunity to deliver an equal quota by the end of the crop year, and whether there is anything to the belief that delivery quotas will be raised to eight bushels or more, or perhaps removed altogether?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to thank the hon. member for having given me notice of this question, and for deferring it for 24 hours when I informed him that I was assembling this information. I welcome the question, because the reply is very favourable indeed. Other hon. members from western Canada have asked me about this quota position.

The first part of the question is, what progress is being made toward the equalization of delivery quotas. The answer is, excellent progress. There are in the western provinces 2,070 delivery points to which the farmers bring their grain. Ninety per cent of those are now on a 6-bushel quota or have completed the 6-bushel quota. The figures are as follows: on the 5-bushel quota, 71 points; on the 6-bushel quota, 1,967 points; completed or closed, 32 points, for a total of 2,070.

The breakdown by provinces is as follows: All the 375 delivery points in Manitoba are now on a 6-bushel quota. In Saskatchewan 67 are on a 5-bushel quota, 1,026 on a 6-bushel quota, and 28 are closed. In Alberta four are on the 5-bushel quota, 562 are on the 6-bushel quota and four are closed. In British Columbia, where there are four delivery points, all are on the 6-bushel quota.

The second part of the question asked whether all producers would have an opportunity to deliver an equal quota by the end of the crop year. I think the figures I have given indicate that this will likely be the case.

The final part of the question asks whether in the light of the present marketing and crop conditions the quota may be raised to eight bushels or more. It is obvious that present marketing conditions are very good. Our exports of wheat will exceed the 300 million bushel target which was set last summer, and because of the large volume of exports these marketings from the farms have been made possible. Whether or not the quota can be raised to eight bushels or more I do not know. I do not know, either, why the hon. member should have set it at eight bushels rather than moving just one step at a time and suggesting seven bushels.

Mr. Argue: Let us call it seven, then.

Mr. Churchill: But the C.C.F. always go just a little beyond what other people consider reasonable. I will ask the wheat board

to give me a comment as to whether or not the quota may be raised beyond what is now in effect.

SPORTS

U.S.-CANADA—REQUEST FOR MINISTERIAL GOLF SCORES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I have an important question to ask the Prime Minister. Having regard to the fact that the President of the United States, in that spirit of frankness which characterized his visit, saw fit to declare his golf score yesterday, would the Prime Minister ask his two colleagues if they would be equally frank with the house and tell us how they scored?

Mr. Hees: Terrible.

Right Hon. J. G. Diefenbaker (Prime Minister): If the President had gone fishing there would never have been any argument about the score.

WAYS AND MEANS

INCOME TAX ACT

The house resumed, from Thursday, July 10, consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:

1. That amounts paid after June 17, 1958, for drugs and medicines which have been prescribed by a medical practioner and recorded by a licensed pharmacist be included in the medical expenses that are deductible in computing taxable income.

2. That amounts paid after June 17, 1958, for eyeglasses, artificial eyes, laboratory or other diagnostic services or transportation to or from a hospital by ambulance be included in the medical expenses that are deductible in computing taxable income.

3. That for 1958 and subsequent taxation years the maximum amount deductible by corporations for contributions to charitable organizations be increased from 5 per cent of income to 10 per cent of income.

4. That the rate of interest payable to taxpayers on overpayments of tax for 1958 and subsequent taxation years be increased from 2 per cent to 3 per cent.

5. That the two year period within which a taxpayer may apply for a refund of an overpayment of tax for a taxation year be increased to four years from the end of the taxation year.

6. That for 1958 and subsequent taxation years a gift to the spouse of a donor of real property to be used by the donor and the spouse as their home, or a gift to a child of the donor of farm real property to be used in farming operations carried on by the child, or by the child and the donor, shall be exempt from gift tax to the extent of $10,000, provided that no such exemption shall apply more than once during the lifetime of the donor.

7. That the amount by which any gift tax paid on a gift made within three years prior to death exceeds any succession duty or estate tax subsequently imposed in respect of a death after June 17, 1958, on that gift under any Act of the Parliament of Canada will be refunded.

8. That with effect after June 17, 1958, the exemption from the tax on income of non-resident persons now granted in respect of dividends paid by a non-resident-owned investment corporation be changed so as to apply only in respect of dividends paid after the time when the corporation has paid out dividends which in the aggregate equal the undistributed earnings accumulated by the corporation in years when it was not a non-resident-owned investment corporation.

The Deputy Chairman: Last night when the committee rose we were discussing paragraph 6 of the resolution. Is the discussion on this paragraph now concluded?

Mr. Caron: Mr. Chairman, as I am very interested in the gifts given under a marriage contract, would the minister promise that he will study this matter and consult with his legal advisers with a view to adding something to these provisions so that such gifts may be protected when the bill comes before the house?

Mr. Fleming (Eglinton): Mr. Chairman, all these tax questions are under consideration all the time. Certainly there is no intention to exclude consideration of the matter that my hon. friend mentions, or indeed any of the others that may be raised from time to time in the course of these discussions. That is one of the purposes that discussion in committee is intended to serve, as I understand it.

Mr. Caron: I know that if an amendment originates on this side of the house it has very little chance of being accepted.

Mr. Fleming (Eglinton): Mr. Chairman, I can assure my hon. friend that any suggestion from any part of the house that has merit will certainly be given consideration.

Mr. Caron: I am not speaking of the principle, I am speaking of the practice. If the minister would bring in an amendment himself we on this side of the house would be very happy.

(Translation):

Mr. Dorion: Mr. Chairman, may I allowed a few remarks with regard to paragraph 6 which has been commented upon by our learned friends in the opposition. According to them, it would seem that in its present form this paragraph would put the province of Quebec in a rather unfavourable position, the provisions of the civil code being what they are.

Two things are, of course, authorized by this paragraph: a tax exemption in respect of a gift made by a husband to his wife, during his own lifetime, of real property to the extent of $10,000, and a further tax exemption in respect of a gift made by a

father to his son of real property to the value of $10,000.

I feel that everybody will agree that this provision is excellent in principle. As for the second part, in particular there is no doubt that it is such as to be of great benefit to our farmers, in so far as it allows the maintenance of the family farm, thus encouraging the father to make a gift to his son in his own lifetime, of the land he farms.

Where the problem becomes somewhat more involved, if my understanding of the first part of the paragraph is correct, is where a gift is made by a husband to his wife.

Every body knows—and our learned friends reminded the house of the fact yesterday—that community property is the general rule in Quebec. This common property is made up of all movable property belonging to the husband and wife before marriage, all movables acquired by them during their marriage, either by gifts or succession, fruits, revenues, interests falling due or received during marriage, and all immovables acquired during marriage.

On the other hand all immovables owned by the consorts on or before the day when the marriage was solemnized, as well as immovables acquired by them, during its continuance, by succession or equivalent process, do not go into the community. Our civil code also provides for a third type of property: property reserved to the wife.

Under the principle of community property, the husband alone has sole control and management of his property and he alone may dispose of it.

As far as any personal property of each spouse, the husband alone administers it but he cannot, without the wife's consent, dispose of any property belonging to her. Finally, there is a third category of property called property reserved to the wife; it is property acquired by the wife as a result of her own savings or use thereof, or resulting from the sale of real estate which she owned. Control and administration of that third category of property rest exclusively with the wife. One point which must not be overlooked is that this institution, community property, gives the wife a half interest in the property. Each spouse has an equal share. Consequently, on the death of the husband, or when in certain cases during marriage, separation of property is declared by the courts, the result is that the wife is entitled to half the community property and her half is not subject to income tax, nor to succession duty tax.

That is one advantage resulting from the principle of separate property. Besides, the matter was referred to yesterday,—and my excellent friend from Hull Mr. Caron recalled it very precisely,—except when ordered by the courts, separate maintenance is instituted by marriage contract which, necessarily, is entered into before marriage. I know that here, in Ontario, this type of contract is entered into after marriage, or at any time during marriage.

The marriage contract can provide for all sorts of conventions, even those which might be void in any other *intervivos* arrangement. In this way not only can such donations be made in respect of present property but also in respect of future belongings. Those future belongings, if they are set out in the contract, may take effect during the lifetime of the consorts. In this regard I believe that the jurisprudence established by our courts is quite clear. Moreover, Mignault, in his writings on the Quebec Civil Code, volume 6, page 139, clearly expresses that opinion which, in any event, has been abundantly supported by our jurisprudence.

Therefore, nothing stands in the way of taking advantage of this paragraph, since, by way of a marriage contract, a tax exempt gift of $10,000, of real property, for instance, can be made, even though at time of marriage that property may not be at the interested party's disposal, or though he may not have a cent to his name. This real property can be claimed at anytime during the marriage, as long as such a gift has been provided for prior to the marriage and determined by the contract itself.

Obviously, as was rightfully pointed out yesterday, no gift *intervivos* can be made between husband and wife. They can make no changes in the contractual matrimonial conventions. However, it must be admitted that, when our notaries draw up a contract of separate property, they generally are careful to specify in the contract: a gift in cash or real estate. Through a legal provision under the resolution now being considered, such gift could very well be some real estate worth up to $10,000, which might therefore be exempt from income tax. Of course, the proposed clause under discussion would not affect existing marriage contracts, except where they already provide for such a gift. Therein lies the difficulty. I am

sorry that my learned friends in the opposition did not find—and probably for a very good reason—any realistic suggestion by which this paragraph might be adjusted to present conditions in the province of Quebec.

It will be admitted that the principle announced in this paragraph is excellent. It will also be recognized that the second part of the paragraph will be of very great help to the farmers not only of Quebec, but of other provinces as well. Otherwise, I readily admit that the first part of the paragraph will raise some difficulties for the province of Quebec with regard to the provisions of our civil law as they are now.

However, I wonder how it would be possible to amend that paragraph so that it might automatically apply to already existing marriage contracts, unless we encroach upon a field coming exclusively under the jurisdiction of the provinces, and especially of the province of Quebec. We all know to what extent the province of Quebec is jealous, and rightly so, of her institutions and notably of her civil code since, as everyone knows, the settlement of all individual conflicts that might arise, every day as it were, between citizens of the same community, come under the civil code. It is precisely by reason of this vital function that the civil code constitutes the most solid bulwark acquired and preserved by our ethnic group, a bulwark which no doubt has largely contributed to its maintenance and survival.

Under the circumstances, how could the federal parliament compel the province of Quebec to enforce this paragraph without automatically encroaching upon provincial jurisdiction? Unless we simply do away with such an eminently social and familial provision—no one in this house would be in favour of such a solution—there seems to remain but one possible solution, one which lies outside our jurisdiction and comes exclusively under the provincial legislature: i.e., to amend, if it so chooses, section 1265 of the civil code to allow any citizen of that province to take advantage of the clause now under discussion.

This obstacle should not, in my opinion, hamper the work of the federal government. After it has legislated within the limits of its own jurisdiction, it is up to the Quebec provincial government to complete its work and insure its full effect by taking action within its own field and enacting legislation which under the constitution, comes under its exclusive jurisdiction.

Before closing, I must add that for the last few years, a commission in the province of Quebec has been busy redrafting our civil code. I seem to remember, although I could not positively vouch for this, that the Right Hon. Thibodeau Rinfret, chairman of that commission, has indeed observed in the course of interviews given to the press, to the radio and to a group of people concerned, that the problem which we have tackled in connection with section 6 is already being considered: i.e. should we maintain, as a general rule in the province of Quebec, the community property system or should we not substitute for it the separate property system, which is now the exception. In any case, I am convinced that the commission will take note of the amendments made to the Income Tax Act and will definitely endeavour, in the suggestions which it will submit to the government of the province of Quebec, to ensure that all Canadians of the province of Quebec, as well as all Canadians of any other province, may take advantage of that section which, in my opinion, I repeat, seems highly familial and social in its nature.

In view of the fact that, in my opinion, all the steps that the federal government could take to impose upon the province of Quebec the obligation of taking advantage of this section, would constitute an encroachment upon the responsibilities which are exclusively provincial, and it seems to me that we should, under the present conditions, accept this section, leaving the province of Quebec the choice of taking advantage of it by amending the civil code accordingly.

Mr. Caron: I am very grateful to the member for Bellechasse (Mr. Dorion) for so clearly and accurately outlining the matter. To a person like myself, who has not too much legal knowledge, this was all very interesting but I do not feel quite clear in my mind about one particular matter. As it is, the member for Bellechasse seems to believe that if the federal government were to recognize as gifts between husbands and wives those which are made under a marriage contract, this would be an infringement on provincial jurisdiction. I would appreciate an elaboration on that point.

Mr. Dorion: I am sorry, but what I meant was this. What would be an encroachment, would be to authorize gifts during marriage, in some way or another, if such gifts had not formerly been provided for in the marriage contract. But gifts made under the terms of the marriage contract are altogether different. To my mind advantage may be taken of these gifts mentioned in the marriage contract, even though such gifts be for the future.

Mr. Caron: In that case, I would ask the hon. Minister of Finance (Mr. Fleming) to

consult with the member for Bellechasse, who could surely be able to inform him in that regard.

(Text):

Mr. Crestohl: I was certainly very pleased, Mr. Chairman, to hear the hon. member for Bellechasse present to the committee his studied expose of this situation. It is so typical of him that anything he tackles he does thoroughly and he does well. Certainly there is no difference of opinion on the basic principle which he so clearly enunciated to the committee. There is certainly no difference of opinion on the second half of the resolution, in which we all concur. However, by his presentation the hon. member has just confirmed that in so far as Quebec is concerned, the problem exists. I do not think there is any issue between the opposition and the government on the principle which they are attempting to establish. We are only concerned as to whether or not this principle covers the province of Quebec as clearly and as adequately as it covers the rest of the country.

The presentation by the hon. member for Bellechasse is quite clear. But even so he suggests, and I say this with great respect, that if the legislature of Quebec would amend article 1265 of the civil code the problem would be solved. Since we do not know what the Quebec legislature will do now, when we are debating this legislation, we might not be giving the benefits which are intended by this legislation to the province of Quebec. I was wondering whether we could not suggest an amendment in some form which would cover the situation.

I might say now to the minister that we are seeking to obtain for the husband in Quebec the very same rights which husbands enjoy in the rest of the country; that is our objective. I suggest to the minister that he might consider this form of amendment, because in my humble opinion this is how we might be able to attain our objective under present conditions. I am not moving this as an amendment, but I am merely putting it forward for the minister's consideration. When the time comes this amendment might be made to paragraph 6:

> Where the making of a gift as herein contemplated is prohibited by provincial law, but a desire to make such a gift is recorded, there shall be no tax assessable if in the last will and testament of a husband he specifically bequeathes to his wife a legacy, which in effect is similar to the gift as herein contemplated. The deceased's estate shall in that case, for estate taxes, be considered reduced by the amount of the said gift.

I tried to word this as clearly as I could. The intention is that if there is a prohibition in the civil code of Quebec against the making of such gifts, there is no prohibition against the husband making such a gift by will. The husband would have, during his lifetime, declared in writing that he desired to make such a gift but could not do so because of our code. Then if it is later found in his will that he bequeathes to his wife a legacy of $10,000 or less, providing it comes within the framework of being in connection with their home, that $10,000 should not be considered a part of his estate under the new act which we discussed the other day. It may be excluded. If it were declared now that such gift, by legacy, was intended to be a gift under this section, then the intent is clearly expressed and I believe the legal difficulties are surmounted if the federal government will go along and say they will exempt that amount for estate tax.

Later if the legislature of Quebec, as the hon. member for Bellechasse has declared, comes to the aid of husbands in Quebec, I would say *tant mieux;* then we would have confirmation of it.

Mr. Roberge: At page 2136 of *Hansard* for yesterday the minister was speaking on this clause 6 of the resolution, and he had this to say:

> This provision, which has much to commend it, is available to anybody in Canada once parliament enacts it. If it is my hon. friend's opinion that the law of Quebec prevents some spouses there from deriving benefit from this provision—

The minister was referring to a question put to him by the hon. member for Hull.

> —I think in all fairness that should not be pleaded as a reason for denying this benefit to spouses in other provinces—

We on this side of the house quite agree with that, Mr. Chairman. However, I should like to ask the minister whether, in framing the amendment to the act, any consideration was given to the laws of the provinces, and in this instance especially to the laws of Quebec in so far as gifts to spouses are concerned.

Mr. Fleming (Eglinton): Yes, certainly. As a matter of fact this resolution is, in part, designed to give to the spouses in the common law provinces of Canada the benefit that the wife enjoys in Quebec by virtue of the community of property.

Mr. Roberge: I beg to disagree with the minister. I do not believe that spouses in Quebec are going to benefit at all from that provision as the law of Quebec stands now, even under community of property or with a separation as to property.

Mr. Fleming (Eglinton): In the case of marriages in Quebec where community of property exists, if I understand it, the benefit that this particular proposal would create in favour of the wife already exists in the province of Quebec. I think that point has

been clearly made. My friend may not agree with it, but I think the point has been clearly established.

Mr. Roberge: I shall try to elucidate this situation in so far as community property is concerned. When a man and woman are married in Quebec—I am referring to those who are now married, not those who may be married in the future—community of property exists if there is no marriage contract signed before the marriage. Then the community property belongs to both at the same time; it is not divided. It is divided only when the death of the husband or wife occurs. Before that, it is administered by the husband alone, without his wife taking any part in the administration of the property.

The exception to this was mentioned by the hon. member for Bellechasse, where property may be reserved to the wife, but that does not enter into our considerations. In so far as community property is concerned, it is not divided before one of the spouses dies; therefore I do not see how they could benefit from this amendment.

Mr. Fleming (Eglinton): I have tried to make this point as clear as I could. When my friend says that no benefit will directly accrue to spouses in Quebec under this resolution, what I am submitting to the committee is that in such cases joint ownership already exists under community of property in the province of Quebec.

Mr. Benidickson: But does it help in any way? There is the group where the husband and wife have an ante-nuptial contract.

Mr. Fleming (Eglinton): In the case of an ante-nuptial contract you have a different situation, because there the parties can exclude community of property by the terms of the marriage contract.

Mr. Benidickson: And do.

Mr. Fleming (Eglinton): Yes; and in those cases, as I understand it, it will be competent for them to make gifts. After the very clear exposition of this matter by the hon. member for Bellechasse I would have thought the point had been clarified. There has been a useful discussion. It seems to me the point has been established reasonably clearly now.

I can assure hon. members, Mr. Chairman, that this matter was very carefully canvassed from all aspects. All hon. members are aware that in the province of Quebec, in cases where community of property does exist, the wife has already, by the fact of the marriage, acquired a joint ownership in the property of the husband. Consequently she already enjoys the benefit that this legislation is intended to make it possible for the parties to a marriage in other provinces to create in favour of the wife in respect of their home, and as well for the benefit of those parties to marriages in the province of Quebec who have, by ante-nuptial contracts, excluded the principle of community of property.

Mr. Crestohl: I should like to clear up one point for the minister, if I can. The minister is under the impression that where there is community of property, the wife already has what is rightfully hers, half-interest in the property. But that is not quite the case. Even where there is community of property the husband and wife can have property of their own. There are certain things which husbands and wives have which do not fall into the community. One of these is property which they inherit.

For example, if a husband inherits the home in which he resides, that is the husband's property. The maintenance of the home is the community obligation, but that property is the husband's and he can do away with it by will if he wishes. The wife has no interest in that. I hope the minister sees the difference under those circumstances. If a husband has property which is exclusively his own and which does not fall into the community, or within that property which we are talking about, why should not the husband who has his own property which does not form part of the community not be able to give away part of that property and make a gift to his wife of $10,000? Under our present law he cannot give his own personal property, not the community property; he cannot give that to the wife.

There is a material and serious difference there, I submit to the minister, and that is the butt of our entire discussion of this whole thing. It is with reference to that $10,000 of the husband's own estate which he is prevented from giving to his wife under our law. The law as contemplated here intends that to be the case but it cannot be the case in the province of Quebec. A husband cannot even give his own personal property to his wife if he wants to do so, if they live under the regime of community as to property. It is that difficulty which we are trying to remedy in order to give that husband the privilege not of giving community property but of giving his own property which does not form part of the community.

That is the basic difference. If the minister will look at the matter I am sure he will understand it perhaps in another light. I understand certainly that the hon. member for Bellechasse gave an excellent expose and a complete review of the situation in the province of Quebec. But even so he left a

doubt, and he would call upon the legislature of Quebec to make it possible to give effect to the law which we are now attempting to pass in this house. I am all in favour of that law, but I am apprehensive that it might not be possible for the matter to be dealt with in the province of Quebec as effectively as we should like to see it done.

Mr. Grafftey: I should like to add a word or two, Mr. Chairman. I think the hon. member for Cartier must realize this, and I should like to say this for some other people in the house who perhaps have had more experience in the common law than in the civil law. If we are dealing with article 1265 in the province of Quebec I think he must admit that it is perhaps one article that has had more jurisprudence on it, even within our own province, than most other articles. I think he is doing a little bit of crystal-ball gazing and is prejudging the situation a little bit.

After the clarification by the hon. member for Bellechasse I feel that we should get on with this thing. Even in the province of Quebec I say we have a great deal of jurisprudence on this very point. I can quite easily visualize, especially on the federal level, this debate going on for weeks and weeks. I repeat I think he is prejudging the situation. After the remarks made by the hon. member for Bellechasse I can quite easily see this matter being straightened out in the near future. In view of that possibility I hope hon. members might consider these remarks.

Mr. Carter: I am in the position of a juryman in this case, because I know nothing about the Quebec law except what I have listened to here this morning.

Mr. Benidickson: Jurymen do not decide on the law.

Mr. Carter: In listening to the arguments that have been put forward on both sides of the house, and especially those by the minister himself, it seems to me that everybody is overlooking the real principle in this clause. The real principle is not security of the family—something which the minister stressed—which he is giving to provinces other than Quebec but which is already enjoyed in Quebec; and it is not the fact that some people in Quebec cannot make gifts unless they separate their property before marriage. The real principle is surely tax relief. This measure is designed to give a certain amount of relief to taxpayers. That is all it is for. We are giving an exemption for tax purposes in a case of this kind. Surely we must keep to the main principle and treat all taxpayers alike. If we are not treating certain taxpayers in Quebec in the same way as we are treating taxpayers in other parts of Canada, then we should take some other measure to try to bring about that result.

(Translation):

Mr. Roberge: Mr. Chairman, I have followed with much interest the statement made by the hon. member for Bellechasse (Mr. Dorion). I agree with him that the easiest way to reach the desired objective would be to amend the civil code. I also recognize that it is not within the powers of this government to amend the civil code or to ask the government of the province of Quebec to do so. However, I wonder if there is no other way open to us. I would not like the Minister of Finance (Mr. Fleming) or the government to take my remarks, or those of my colleagues, as criticisms. We are just endeavouring together to find a compromise so that spouses living in the province of Quebec can also benefit from that $10,000 exemption.

(Text):

Mr. Chairman, if I recall rightly what I learned in my courses at the university, there is such a thing as the ancillary power of the federal government with regard to matters that come within the jurisdiction of the provinces. I refer especially to the Bankruptcy Act. I think it was decided by the privy council that the Bankruptcy Act was intra vires of the federal government inasmuch as it was ancillary to its power.

Mr. Fleming (Eglinton): No, no.

Mr. Roberge: I might be wrong.

Mr. Fleming (Eglinton): Bankruptcy is one of the heads of jurisdiction especially enumerated in section 91 of the British North America Act.

Mr. Roberge: That is true. But at the same time I submit that the Bankruptcy Act was infringing a little bit on provincial rights because it was dealing with property and civil rights. It was decided by the privy council, if I remember rightly—

The Chairman: Order.

(Translation):

I regret to interrupt the hon. member, but the debate is drifting away, to a certain extent, from the main subject. This morning, hon. members went into the matter of federal provincial relations; the debate has dealt in part with community property in the province of Quebec and various points were raised which perhaps in their time and place are important. However, it remains that at this time we are dealing with section 6 of the resolution which has to do with a tax

exemption granted on gifts of real property between spouses, and between father and son especially as regards farm property. Hon. members should now try to confine their remarks as much as possible to section 6 of the resolution without starting a debate on irrelevant questions. I therefore ask hon. members to stick to the subject under consideration.

(Text):

Mr. Pickersgill: If I may I should like to say a word on the point of order, Mr. Chairman. Surely my friend the hon. member for Megantic was merely trying to give an analogy between something that happened in another field of law and something that we are seeking to do here in this particular clause. Surely it would be restricting debate to an inordinate degree to deny to an hon. member the right to give an analogy between one set of circumstances and another. Even if the minister did not agree with the analogy I think we should be allowed to hear it.

The Chairman: I wish to bring to the attention of the hon. member for Bonavista-Twillingate the fact that I did not call the hon. member for Megantic to order. I simply asked the hon. member for Megantic as well as other hon. members to please stay as closely as possible to the item being discussed without straying into federal-provincial fields.

Mr. Pickersgill: I accept cheerfully the chairman's suggestion.

Mr. Harkness: You need a translator.

Mr. Pickersgill: Oh, no.

Mr. Roberge: Mr. Chairman, I quite appreciate the fact that I was rather far from the point in question, but as my colleague the hon. member for Bonavista-Twillingate has said, I was just giving an example. I did so in order to come to the suggestion I wish to make. In speaking of these ancillary powers, which I well recognize, I wonder if the minister would consider adding something to the bill which would differ slightly from the present resolution to provide, notwithstanding the provisions of any other act in so far as a gift is concerned, a clarification of the situation. Surely this suggestion is worthy of consideration by the minister. I do not know whether it is completely applicable or not, but I do believe the ancillary powers of the present government could be of use in the case in question.

(Translation):

Mr. Denis: Mr. Chairman, the hon. member for Megantic (Mr. Roberge) surely does not need my help, since he gave us a clear picture of the situation. We believe, however, that the province of Quebec is being discriminated against because of our laws. And in order to prove to the hon. Minister of Finance (Mr. Fleming) that there seems to be discrimination, one has to explain our law regarding community of property and separation of property, in the province of Quebec. Unless section 6 is amended, we shall have to rely solely on the amendments brought in by the government of the province of Quebec to its own legislation, as the hon. member for Bellechasse (Mr. Dorion) said. However, I have reason to fear that no such amendments will be made. On previous similar occasions, this house has enacted laws that were beneficial to all the provinces of the country, save Quebec. It was so, for instance, in the case of the trans-Canada highway, and likewise so as regards grants to universities.

Some hon. Members: Order!

Mr. Denis: I only want to show to the hon. members that, on several occasions, when a federal bill was introduced in order to assist the other provinces, we were willing to support it because we felt it was reasonable, while regretting that it did no good to the province of Quebec, although the citizens of that province are taxpayers, just as much as others elsewhere. That is why, Mr. Chairman, I believe that the hon. Minister of Finance should reconsider this resolution so that, when the bill is introduced, he might find some way to give the province of Quebec a chance to profit from the provisions of this amendment on the same basis as other provinces in the country.

There is, in my view, a further discrimination. As a matter of fact, in the second part of paragraph 6, the children of farmers are entitled to this gift, whereas, according to the first part, the children of the workers of Montreal, Quebec, Toronto or any other city area, are not entitled to the same benefit. So, in urban areas, children cannot receive the paternal house as a gift on the same basis as the farm children, because the first part of paragraph 6 applies only to the wife or husband, whereas according to the second part, the children are included. There are in urban centres small properties which have been by tradition familial properties, homes in which the whole family has lived and to which cherished memories are attached. Family spirit can exist in cities as well as anywhere else, and children of carpenters, bricklayers or any other tradesmen might wish to keep the

paternal house and take advantage of this legislation. I ask the minister, when he introduces this bill, to look for some way to correct something which, I feel, is a discrimination against city children. I ask the hon. minister to be kind enough to take that suggestion into favourable consideration so that city children might benefit from that legislation to the same extent as do rural children.

(Text):

Mr. Fleming (Eglinton): I should like to make two brief observations on the remarks just delivered by the hon. member for St. Denis.

In the first place, this resolution and the bill to follow will do all the federal jurisdiction can do to extend this benefit to everybody in Canada, regardless of the province in which he or she lives. The federal government can do no more than legislate for the benefit of all, and that is what this legislation will do. I do not think, notwithstanding all the repetitive arguments to which we have been listening, that it can be contended, as my hon. friend assumes, that there is going to be any portion of this benefit denied to those who live in the province of Quebec, and I simply refer him to the exposition on this subject delivered this morning by a brilliant advocate of the province of Quebec in the person of the hon. member for Bellechasse.

On the second point, my hon. friend complains that in the case of gifts from parent to son the benefit of exemption should not be confined to those cases where the gift is that of a farm. This resolution has been deliberately drawn in this form because of the desire to keep the sons of farmers on the farms, and because so many of these questions arise with respect to property located in rural areas. This is a situation which occurs over and over again in all parts of the country and has given rise to this particular amendment.

I do ask the committee to recall that we had a very extended discussion on this subject, and I think it is clearly understood that we are trying to bring forward two new types of alleviation of the tax burden. Most of the hon. members who have been speaking in this house this morning and who spoke last night have been here for a long time, but at no time have they brought forward such suggestions as those for which they are so strongly arguing this morning. The need has existed all this time, if there is any such need at all, but I do ask hon. members to weigh well the fact that in this paragraph are attempts to bring relief, and I think very useful relief, to all parts of Canada.

First, this alleviation is with respect to a gift by one spouse to the other of an interest in the home; we are here proposing that up to the amount of $10,000 that gift should be free of tax. This means, with the present exemption on gifts between spouses of $4,000 per year, we have now created a means by which the wife can be secure in the ownership of the home of the couple in all parts of Canada. Second, in the case of a young man on a farm, the father can now convey to the son, up to the amount for which provision has been made, an interest in that farm which will have the effect of keeping such a young man on the farm and will, we think, contribute not only to the easing of the tax burden but will serve the socially desirable need to maintain agricultural production and retain the ownership of these farms in those families where it is clearly to the national advantage to do so.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Order. The committee of ways and means was discussing the resolution respecting the Income Tax Act, clause 6.

Mr. Benidickson: Mr. Chairman, I was not proposing to enter into a discussion of the situation in the province of Quebec as I would not be competent to do so, but I am concerned about the expectations raised by this section with respect to the correction of the type of thing so aptly described last night by the Minister of National Revenue. I think he very well described the situation in the common law provinces when he described how a husband dies and, in the case where there has been a joint tenancy, it is suddenly found that there is a gift tax because the property is owned by the husband and the wife had not paid any money into it. Time and again complications have arisen because of the gift tax, and it seems to me that it was to avoid cases such as this that the section which refers to the home of the husband and wife was designed.

I think the practice of having joint tenancies with respect to the resident's property has been growing in volume in recent years, and I want to know whether or not it is intended, as referred to in this section, that the bill should provide that only joint tenancies created since 1958 will avoid gift tax.

Mr. Fleming (Eglinton): Oh no, it is not confined to the creation of a joint tenancy—

Mr. Benidickson: Well, a gift—

Mr. Fleming (Eglinton): —in the home of the couple. But one can see that with a gift of $10,000 permitted under this clause, if the property were of the value that most city homes cost nowadays it would not be adequate to pay the value of the home in full.

Mr. Benidickson: I was really referring to retroactivity with respect to, say, $10,000 of a gift with respect to real estate. I was agreeing with the Minister of National Revenue when I was saying that so many of these difficult cases arise from a joint tenancy that has been in existence for many years, and only discovered by the tax administrators as a result of the death of one of the tenants, and the minister was indicating that this resolution was designed to avoid that kind of trouble. The point I want to make is that if it is not going to have reference to tenancies of this kind created prior to 1958 we are not accomplishing very much.

Mr. Fleming (Eglinton): It will still be possible, undoubtedly, for a husband and wife in such a situation to take advantage of this legislation so long as the gift of the interest in the property which is the home of the couple, after the date on which this legislation comes into effect, does not exceed $10,000 in value. It will be possible for the husband, if he so wishes, to give an increasing value to the widow's interest in the property by a gift of $4,000 a year. That is what he can do at the present time. I am sure the hon. gentleman is not going to suggest that where you introduce alleviating provisions of this kind you should make them retroactive; you must start at one point. We might regret that this kind of legislation was not put into effect sooner, but here we are bringing it on. Now let us put it into effect.

Mr. Benidickson: If some retroactivity of the type suggested last night by the Minister of National Revenue does not apply, it seems to me that the administration is simply obliging people to go through a lot of legal rigmarole, if a joint tenancy has been created, as a result of some of the publicity that will attach to these discussions and the presentation of the bill, if people do seek legal advice, in that they will be warned by their solicitors that if no contribution was made by one of the spouses to the joint tenancy that was created in the past they had better re-transfer the property into the name of the person who contributed solely to the investment in the real estate and then subsequently provide for another transfer back into the joint tenancy. Would that be satisfactory to the department? Would that come within the provision as intended here?

Mr. Fleming (Eglinton): One must be very careful about this matter of going back. I think that what the legislation will provide for is quite clear, and I trust it will be worth while for those who propose to take advantage of this measure to take the steps that are required to bring their gift clearly within the scope of the alleviating provisions.

Mr. Crestohl: I should like to say a word about the minister's statement before we adjourned. I have a feeling that the minister thought that perhaps we were labouring this question unduly. I want to assure him that from our standpoint we were not. We agree with the legislation. I have said that before. We are not opposing it in any way, but we are concerned as to the certainty of this legislation in obtaining the objective which it seeks, and I wonder whether the minister would not again consider my suggestion that he should obtain an opinion from the Minister of Justice or from the Department of Justice if he has not already done so. I have a feeling that he thinks the legislation is infallible.

I suggest again that I would be quite content to accept the minister's statement that this has been carefully reviewed by the Department of Justice and whatever legal advisors he has had. I have a great respect for the legal ability of the hon. member for Bellechasse and I would be prepared to accept his opinion except for the fact that I feel his opinion was not unqualified. I should like to hear an unqualified statement because I do not think that the legal interpretation which I and my colleagues are placing upon this is correct or infallible. Because the legislation is so important I feel that the committee should have, under these circumstances, the benefit of an unqualified legal opinion from the best authority that is available in the country.

Mr. Roberge: Mr. Chairman, I should like to direct a question to the Minister of Finance for the purpose of clarifying paragraph No. 6 and in order to remove any doubt as to the interpretation placed upon it by the government. I refer to the first part of paragraph No. 6 which reads as follows:

> That for 1958 and subsequent taxation years a gift to the spouse of a donor of real property to be used by the donor and the spouse as their home—

I should like to know if that would apply in cities, villages and rural areas? I am asking that question because the second part of the paragraph relates only to farm property.

Mr. Fleming (Eglinton): Mr. Chairman, the first part of the clause relates to real property wheresoever located. The second part, in the case of a gift from father to son, relates to farm property.

Mr. Brunsden: Mr. Chairman, may I say to fellow hon. members of this house from the province of Quebec, through you, sir, that those of us who are new members and perhaps particularly those who are new members from the west have been extremely interested in the discussion that occurred this morning and last evening. Since coming to this house on May 12 we have heard frequent reference to one word in particular on the part of hon. gentlemen from Quebec. It is one of the very few French words that I have had time to learn. I refer to the word "unity". Certainly if we are to attain unity in this country we need to know more and more about the problems of the various sections of the nation. Speaking for myself I have gained a new conception of at least one problem in the province of Quebec and it is for that reason that I ask the indulgence of the house for a few moments while I endeavour to explain, as best I may, the relationship of this particular paragraph to the people of the prairies.

Let me say at once that we believe this represents an admirable amendment to the Income Tax Act, one that has long been needed. I say that for this reason. Our part of Canada, unlike the provinces of Ontario and Quebec, has been more recently settled. The people who live there are to a large degree the original pioneer settlers. Many are reaching the age where death is taking its toll and disability is rendering many of them unable to work any longer.

I am not a member of the bar but I have had a rather extensive experience with farm people both as a technical agriculturist and as a businessman. We have, as the hon. member for Kenora-Rainy River has indicated, adopted the practice of joint tenancies in that part of the country and we have found that the principle of joint tenancy is becoming more and more popular. I would not say that at this moment it was widespread throughout the part of the country from which I come, but certainly it is being viewed with a great deal more favour than it was a few years ago.

With respect to a joint tenancy in Alberta, should the husband die within a few years of the establishment of the joint tenancy the widow is required by the income tax branch to establish the validity of her claim under the joint tenancy. In many cases, of course, this is impossible. Frequently she is unable to produce any evidence that she has an actual financial right in the property and as a result taxation is applied and the widow is at some disadvantage.

It seems to us as laymen, that women in our part of the country—this question is frequently discussed there—I feel I can say this since the election of March 31 is now over and I cannot be accused of a motive—and particularly the pioneer women have never been fully recognized at law. This is a strange situation because the wife and daughter have played an equal part to that played by the husband and son in the development of that part of the country. Certainly these women have done their full part in developing western Canada. We appreciate this amendment for the very valid reason that to some degree at least it gives to the women of our part of the country, regardless of what may be the situation elsewhere, recognition at law and a right to which they have been long entitled.

Let me add that what is true of the wife and the widow is also true of the working son and the fatherless son. Did I wish to take the time I could cite a number of instances where a young man has worked with his father from boyhood into early manhood and yet at the time of his father's death he has had no equity in the farm which he has helped to build up. From the point of view of those of us who have to some degree studied this problem on the prairies and from that point of view of those of us who have had contact with actual cases, we believe the amendment is to be commended and we wholeheartedly endorse it.

Mr. Cardin: Mr. Chairman, may I say first of all that I greatly appreciate the introductory remarks of the hon. member for Medicine Hat. I believe they were in themselves a valuable contribution to our national unity. We were pleased to hear the hon. member explain the interest he has in the problem we are trying to raise with respect to the province of Quebec and that he is anxious to acquaint himself with our problems. Hon. members from the province of Quebec feel that the question we are seeking to raise at this time is one of considerable importance to us. I think it would be regrettable if an important aspect of this piece of legislation were to go through, leaving behind it some misunderstandings as to its exact meaning. I agree, and hon. members on this side of the house have agreed from the beginning, that this is highly useful legislation applicable throughout the country in most of its aspects but with respect to one particular aspect there is some doubt as to its application in the province of Quebec.

I listened with interest to the hon. member for Bellechasse in his very learned, fair and

complete expose of the civil code relative to this matter. The minister has asked us to refer to the remarks made by the hon. member for Bellechasse and I think he will recall that the hon. member for Bellechasse said there was only one part of this section which was not necessarily applicable to the province of Quebec. He made the point that we, as the federal government, could not legislate in order to force the provincial government to modify its civil code with which I fully agree, but I believe it would be possible for the federal government to slightly amend the wording of this clause in order to eliminate what I believe is a discrimination affecting some of the people in that province under this important legislation.

I am not going into the problem of the community of property; I think the hon. member for Bellechasse has explained that quite well. I believe that the part that deals with those people who are married, and there is separation of property, is the nub of this whole problem. I would like to clear up the matter in my own mind by asking the minister whether or not it would be applicable to those people. For instance, take the case of a couple who enter into a contract prior to marriage in which the spouse makes a gift of, let us say, $10,000 in real property to his wife to be payable during the course of marriage. Would this gift be exempted or not; would he be able to benefit from this section of the act?

Mr. Fleming (Eglinton): I answered that question last night, Mr. Chairman. I was asked if a donation in cash would qualify and I answered no; it must be a donation of an interest in real property which is to constitute the joint home of the spouse and the donor.

Mr. Cardin: Am I to understand that a contract that was entered into by two people before marriage in which there was a gift of real property would be exempt from taxes even though—

Mr. Fleming (Eglinton): No; my hon. friend is asking me about the position of a gift of money, or successive gifts of money. These are recognized at the present time as gifts. The act exempts gifts up to $4,000 per annum. This new exemption is in addition to that. This applies to a gift of real property, or an interest in real property, which constitutes the home of the spouse and donor, and it applies in the case of a gift to the spouse by the donor; if the gift takes effect on the marriage, then it will qualify. If it is something that preceded the marriage and the parties were not at that time in the relationship of spouses, then it could not be expected to qualify.

[Mr. Cardin.]

Mr. Cardin: That is exactly the point. We have this problem in the province of Quebec. In order to be able to make a gift it has to be done before marriage.

Mr. Benidickson: A contract has to be entered into before marriage.

Mr. Cardin: The contract has to be entered into before marriage. It seems to me relatively simple for the government to include those particular circumstances by way of amendment in order that these people who are in separation as to property might be able to qualify, would it not?

Mr. Fleming (Eglinton): If the gift takes effect at the time the parties become spouses, then obviously it will qualify under this clause. As I understand it, the contract is entered into on what is a provisional or a conditional basis, the condition being that it shall not come into effect unless and until the parties wed. If the gift of real property or an interest in real property takes effect on the marriage, then—

Mr. Benidickson: Or after.

Mr. Fleming (Eglinton): —I think it clearly qualifies.

Mr. Cardin: Then, the answer is in the affirmative.

Mr. Fleming (Eglinton): Yes, if the gift takes effect on the marriage then at that moment the parties are in the relationship of spouses and I think the gift comes within the terms of the clause.

Mr. Roberge: On the same subject, I understand that people from Quebec who are married or thereafter get married and include in their marriage contract, where there is separation as to property, a gift of real property to a spouse, will benefit from this clause. What about those people who are now married and who did include, let us say, 10 years ago, a donation of $10,000 of real property, the donation to take effect tomorrow, would they benefit tomorrow?

Mr. Fleming (Eglinton): Mr. Chairman, for all persons in all provinces in all parts of Canada this provision will extend the exemption in the case of such gifts occurring on or after January 1, 1958.

Mr. Crestohl: I should like to direct the minister's attention to another problem. The minister in referring to the second part of this section speaks about a gift from father to son. The section makes no reference at all to a father or even a mother; it speaks of a spouse and a donor.

Mr. Fleming (Eglinton): It speaks of a child of the donor.

Mr. Crestohl: That is right; the donor can be the mother or the father. That is the point I am trying to make. The hon. member for Medicine Hat spoke quite properly about the rights to which women in his part of the country are perhaps entitled. Among other things is the right to make such a gift by a donor within the meaning of section 6. I draw to the minister's attention the fact that women in Quebec, common as to property, cannot be donors of immovable property. Therefore, here again the women of Quebec are unintentionally being discriminated against while women in other parts of the country can donate to their children. Women in the province of Quebec cannot, if they are common as to property, be donors because the husband has the administration not only of the community property but also of his wife's property. Perhaps the thing should be looked at again and if possible give the women of Quebec the same right.

Mr. Fleming (Eglinton): If there is any discrimination it is not created by this provision; indeed, it is not created by any federal legislation. We cannot remove any discrimination, if discrimination has been imposed, under the law of the province of Quebec. This is taxing legislation. We have made it universal in its application in all parts of Canada. It is fair, it is equitable legislation. There is no discrimination created by this legislation and there is nothing that we can do about that situation which my hon. friend mentioned.

Mr. Crestohl: There is no doubt that what the minister says is perfectly correct; the legislation is not discriminatory and has not that intention. That is perfectly true. But its end result in so far as a section of this country is concerned is that it is indirectly a discrimination. It is on that that we should like to get a legal opinion. In other words, we are prepared to give something to the citizens of the country, and yet in a certain part of the country they are not able to take advantage of it and that in itself, although the legislation is not discriminatory, is a form of discrimination.

Mr. Fleming (Eglinton): Does my hon. friend suggest that the hands of parliament must be tied and that this kind of alleviation should be denied to persons elsewhere? We are creating no discrimination. So far as parliament can do it, this is given to all.

Mr. Woolliams: Does the argument not boil down to this? Even if the minister could go along with the suggestion, would it not be ultra vires. Is that not the whole point? We have spent about three hours on it now.

While I am on my feet, Mr. Chairman, I would like to say this. I believe one other hon. member spoke on it. In western Canada we certainly go along with it because in Alberta we have a Torrens land titles system in which there is joint title. Where the land is in joint names, a homestead, a farm, a home or probably an estate, the legal fees can be cut down because all you have to do is to file an affidavit in the land titles office in Alberta rather than probate the estate. As a lawyer I look at this in one way and as a Canadian I say it is a very good thing. We have spent a long time on legal argument. I am a lawyer, but I say let us get down and settle this. It appears to me as though this is something that could be remedied by one province and could not be remedied by this house anyway.

The Chairman: Shall we continue with discussion of clause 8?

Mr. Benidickson: I believe that this is one of those loophole corrections which probably does not affect a great many taxpayers. Am I right in thinking that under the present law if a company is, and always has been, what is known as an n.r.o. company, the dividends paid by it are exempt from withholding tax?

Mr. Fleming (Eglinton): That is correct, Mr. Chairman. This is to meet that situation, where a company that has not been a non-resident investment corporation but is turned into one; if an effort were made in that direction, it could take advantage of two exemptions that exist at the present time where there should be only one.

Mr. Benidickson: The proposed amendment does not affect the situation that I described?

Mr. Fleming (Eglinton): No, the proposed amendment will permit one exemption, and properly so, but not the two. The house may be interested in the meaning of this. These non-resident investment corporations are corporations of which the shareholders reside outside of Canada. The n.r.o. company is subject to a tax of 15 per cent each year on its income from all sources, but is exempt from the 15 per cent tax normally paid on dividends by Canadian corporations to non-resident shareholders.

Now, if non-residents invested directly in shares of a Canadian company or in Canadian bonds they would pay to Canada only the 15 per cent non-resident tax on their dividends or interest. But if these non-residents formed an n.r.o. holding company to hold their investments in Canada, they still pay

only the 15 per cent tax in Canada on their income from their investment. But for certainty of collection, it is paid each year by the n.r.o. instead of when actually withdrawn from the country in the form of dividends. Now, that is the present situation.

This is the loophole that could occur under existing law. Where a company in Canada was acquired by non-residents, and which was carrying on an active business and was not up to that time an n.r.o., and then became an n.r.o. it might have undistributed income accumulated while it was an ordinary company which it could now pay out as dividends to its shareholders since dividends from n.r.o.'s are free from non-resident tax. This resolution proposes that this loophole be plugged by providing that dividends from n.r.o.'s shall not be exempt from non-resident tax until all the income accumulated while the corporation was previously not an n.r.o. has been paid out.

Resolution agreed to.

Resolution reported and concurred in.

Mr. Deputy Speaker: When shall the committee have leave to sit again? Next sitting of the house?

Some hon. Members: Agreed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $674,164.

Mr. Harkness: When the estimates of the Department of Agriculture were briefly before the house on Wednesday afternoon I had been giving a brief summary of some of the changes that had taken place during the past year so far as agriculture is concerned, as well as a brief outline of the agricultural situation as it appears now. I had been dealing with these matters in a general way and had dealt with some of the more important agricultural products such as wheat and cattle. I had made reference to the amount of beef exported during the past year.

I should like now to continue with those remarks and say something about the prices received for a few of our other major agricultural products. In 1957, the price of good steers at Toronto averaged $19.05 per hundred pounds live weight, 25 cents higher than in 1956. The average price of all cattle marketed was $16.10, almost the same as the $16.05 average in 1956. The strong domestic demand for cattle—

Mr. Martin (Essex East): Was that $16.25?

[Mr. Fleming (Eglinton).]

Mr. Harkness: No, the average price of all cattle was $16.10 and in 1956 it was $16.05, almost the same.

The strong domestic demand for cattle, in conjunction with the heavy United States demand that developed in the last part of 1957, resulted in a substantial increase in cattle prices between October 1957 and April 1958. Good steers at Toronto averaged $22.26 per hundred pounds in March, 1958 compared with $18.78 the year previously, an increase of upward of four cents a pound. The high level of marketings and the strong demand was reflected in the total value of commercial marketings, being $116 million in the first quarter of 1958 compared with $69 million in the corresponding period of 1957. The gain in cattle prices has been responsible to quite a considerable extent for the fact that the total cash income of farmers during the first quarter of 1958 is considerably greater than in the first quarter of 1956 or 1957.

The figures are given in the dominion bureau of statistics farm cash income publication, and they show that in the first quarter, that is January to March of 1958, farm cash income was $618 million, which is up $42 million from the $576 million of a year earlier. I think that we have been very fortunate, so far as our cattle prices are concerned during these past nine months in particular, in the fact that we had increased numbers of cattle available to market at these higher prices.

After cattle the most important meat production which we have is hogs and I should like to say just a few words about that matter. At June 1, 1957 hogs on farms numbered 4.9 million, only slightly more than the 4.7 million at June 1, 1956. In 1957, 5.4 million hogs were slaughtered and graded in federally inspected and approved plants, 9 per cent less than in 1956. The retention of hogs for breeding indicated by the drop in output in 1957, in spite of the large number on farms, is reflected in the current and anticipated increase in marketings during the present year. In other words, although there were more hogs on farms in 1957, there were fewer slaughtered than in the previous year, which indicated a considerable number was retained for breeding purposes which means that we shall have a much larger flow this year and in the early part of 1959.

Gradings in the first three months of 1958 were 1,542,000, 7 per cent higher than in 1957 In other words, this increased movement of hogs to market is already showing up in the first quarter of 1958. That increase has been mainly on the prairies. The amount of increase in hog production in the eastern part of the country has not been very great but in the prairies it has been very marked.

Per capita consumption of pork was 46.2 pounds in 1957, 6.7 per cent more than in 1956. In the first quarter of 1958 a further increase in consumption is indicated. Domestic disappearance from commercial marketings totalled 177 million pounds in that quarter, a rise of 9 per cent over 1957. In other words, although we have more hogs now coming to market, the market has been able to absorb those. The consumption has increased.

The equivalent of 322,000 hogs were exported as pork products in 1957. Exports amounted to 6 per cent of total commercial marketings in 1957 as compared with 9 per cent of the total in 1956. In other words, we were able to consume sufficiently more at home so that we had a lesser amount available for export.

In the first quarter of 1958 exports were 14.5 million pounds compared with 11.3 million pounds a year earlier. In other words, exports are going ahead. They have gone ahead again in this first quarter of 1958.

Grade A hogs at Toronto averaged $31.05 per hundred pounds dressed weight during the first quarter. That is exclusive of the federal government premium of $2 per head. In 1956 the average price was $27.50 and the ten-year average—that is from 1948 to 1957—was $29.68, which means that the price of hogs has been relatively quite high during this last year of 1957. The estimated value of hogs marketed and inspected in approved packing plants was $65.9 million in the first quarter of 1958 and $66.3 million in the same period of 1957 or approximately the same.

The production of sheep and lambs is one branch of agriculture in which we are deficient.

The Chairman: Order. I regret to interrupt the hon. member but he has now spoken for more than 30 minutes.

Mr. Pickersgill: Go on.

The Chairman: However, if he has the leave of the house, I will permit him to carry on.

Some hon. Members: Agreed.

Mr. Harkness: I was just saying, Mr. Chairman, that as far as the production of sheep is concerned, Canada is quite deficient. We import the great bulk of the wool which we use and we import quite a large number of the lambs and sheep which we eat. The national flock numbered 1.7 million at June 1, 1957, only slightly more than at the same period of 1956. The 1957 total was only about half the pre-war numbers and the pre-war numbers were less than they had been in the earlier period. In other words, we have had a marked decline during the past 20 to 25 years in sheep production in Canada. The stabilized price which was put into effect for wool at 60 cents a pound was intended to act as an incentive to sheep producers, to encourage them to stay in the sheep business and to encourage them to increase their flocks because this is one branch of agriculture which we need to encourage. We are certainly not threatened with any surplus as far as it is concerned. Sheep, of course, are a type of livestock which can be used profitably on very poor land which will not profitably support cattle and other types of livestock. The import of mutton and lamb —and it was mainly lamb—amounted to 12.3 million pounds in 1957, which was 19 per cent more than in 1956 and about half the output of the Canadian product from inspected plants. It is the intention, of course, that we could and should increase our sheep production in order to meet our local needs. Practically the entire amount imported originated in New Zealand and Australia.

In the first quarter of the present year prices for lambs averaged higher than in 1957, largely owing to the influence of prices of competing meats. In March of 1958 good lambs at Toronto averaged $24.44 per 100 pounds compared with $22.37 a year ago.

Next I should like to say something about the dairying industry. Dairying is a branch of agriculture in which more farmers have some interest and from which they derive part of their revenue than is the case in any other branch of the agriculture industry. The great majority of farmers in Canada keep at least a few cows. It is therefore an industry of extreme importance to the entire agriculture picture.

Milk production in 1957 was 17.3 billion pounds, only slightly above that of 1956. Since mid-1957 production in each month has exceeded output in the corresponding period of the preceding year. This, of course, is undoubtedly due to better prices as far as most milk products are concerned.

Production during the first quarter of 1958 exceeded that of the preceding year by about 300 million pounds, an increase of 10 per cent. That is quite a marked increase in the amount of milk produced in the first quarter of 1958 as compared with the first quarter of 1957. This year the bulk of the additional milk has gone into the production of creamery butter. Production of this commodity in 1957 of 303 million pounds was about the same as in 1956. Domestic disappearance, which showed an increase in the early months, began to decline around October, 1957. This decrease has continued into the present year. However, in spite of the drop in domestic disappearance stocks were reduced and at the

end of 1957 totalled 69.9 million pounds compared with 88.2 million pounds at the beginning of the year.

Prices of butter remained stable at approximately the support level during the first seven months of 1957, and then strengthened because there were some indications of the possibility of a tight supply position early in 1958. As a matter of fact, shortly after taking over as Minister of Agriculture, I found that the butter trade and the officials in the department were quite fearful that we would have a definite shortage of butter and be forced into the position of having to import butter into the country.

Mr. Gour: This was said by the previous minister.

Mr. Harkness: It therefore seemed obvious that some measure was necessary in order to encourage the putting of whole milk into butter rather than into cheese and other products and of course action was taken in order to increase butter prices and this had the object of diverting considerable amounts of milk from cheese and other types of production into butter so that we now have ample supplies of butter.

Production in the last few months of the year rose well above year-earlier levels and prices continued fairly stable at the higher level. Current receipts at Montreal—this is not in new boxes as we buy it in the agricultural stabilization board but in used fibre boxes—were quoted at 57-57¼ cents per pound at mid-July, 1957 and were 62 cents per pound in December.

Output of butter in the first three months of 1958 continued at the high level of late 1957, and production was 8.6 million pounds more than a year previously. At the same time consumption continued below the preceding year's level and was 2.8 million pounds less in the first three months of 1958 than in the same period of 1957.

Stocks of butter at May 1, 1958—that is, a little more than a month ago—at the beginning of the 1958-59 dairy year, amounted to 35.2 million pounds compared with 36.9 million pounds at that date in 1957.

From this I think it is clear that the stocks are about the same as they were a year ago, and bearing in mind the fact that consumption is down a little while production is up, we are sure of ample stocks for the balance of this dairy year, that is to say, up until next May. The prices of butter have remained steady in the last few months and have averaged 62¾ cents per pound in the last week of March, 1958 as compared with 58 cents per pound a year ago.

[Mr. Harkness.]

Cheddar cheese production in 1957 was 95.6 million pounds and so was substantially higher than in the preceding several years and exceeded production of 1956 by 12.8 per cent. The year 1957 was a big year so far as cheese production was concerned; that is, as far as recent years go, because during the first world war and prior thereto we produced a great deal more cheese than we do today. In the first quarter of 1958 output dropped to the normal level over recent years of 7.4 million pounds but manufacture in that period was considerably more than in the year previous. Exports dropped sharply in 1957, the 8.1 million pounds exported being 3.4 million pounds less than in 1956 and 5.3 million pounds less than in 1955.

This decrease in exports of cheese, of course, is due to the high price at which our cheese sells on the United Kingdom market compared with the prices paid for Australian and New Zealand cheese, which sell there at around 16 to 18 cents per pound or less than half at which our cheese sells, namely approximately 40 cents per pound. We have therefore a very limited market for our cheese. The domestic market accounted for 75.2 million pounds of cheese in 1957 compared with 72 million pounds in 1956. With the sharp upturn in production and the reduction in exports, stocks in storage were built up during the year and at the end of December, 1957 they amounted to 52 million pounds as against 39.6 million pounds in the previous year. Domestic consumption in the first three months of 1958 was approximately normal, the relatively large stocks at the end of March of 41.2 million pounds reflecting last year's heavy production and accumulation in storage.

Cheese prices were strong early in 1957 but eased as a result of the high level of production accumulated in storage. During March, 1957 prices at factory in Ontario were about 34 cents per pound and at year end were approximately 32 cents per pound. The prices in the first quarter of 1958 have fluctuated within a narrow range and were 34 to 34½ cents per pound during March. The increase in price has been due, of course, to the price having been stabilized at 34 cents in Ontario and 33½ cents at Montreal.

Dry skimmed milk, which is the final dairy product on which I wish to say a word, has been one of the most difficult products for us to handle and dispose of. Domestic disappearance rose during the year, but at a lower rate than production. Since exports accounted for only 719,000 pounds during the year there was a considerable accumulation of powder in storage and as the situation developed import controls were applied in order to prevent

the great influx of dry skimmed milk from all countries of the world, which had been going on during the early part of 1957.

Output of dry skimmed milk continued at a high level in the first quarter of 1958 and at the end of March this year totalled 19.6 million pounds, roughly double the 9.5 million pounds produced in the same period of 1957. The extreme difficulty in disposing of this dry skimmed milk either in Canada or overseas made it necessary to reduce the support price which, it was quite evident, had acted as an incentive price and had resulted in a considerable increase in the number of dry skimmed milk plants and in the first three months of this year, as I have said, had doubled production compared with the previous year.

At May 1, 1958 there were about 40 million pounds of this product in storage, compared with about 5 million pounds at May 1, 1957. The recently announced stabilization price of 15 cents per pound for spray process powder and 64 cents a pound for creamery butter mean that last year's price relationships in terms of milk will be roughly maintained. In other words, the return to farmers for their marketing will be roughly the same this year as it was during the last three or four months during 1957.

I have a lot of notes in regard to other products such as apples, potatoes, fowl, eggs and so on, but I do not think I had better take the time of the house to go into these matters at this time. Undoubtedly questions will be asked on these matters and we will deal with them as they come up during the course of the estimates.

I would, however, like to say something about the research activities of the department. I think we have concentrated a great deal too much on the question of prices during recent years with respect to agricultural matters. Most of the discussions in this house for a great many years have been concerned with the prices of agricultural products and very little attention has been paid to the scientific activities carried on in order to improve the yields of many such products and to eliminate the diseases which cut down those yields. Actually, the activities of the research scientists have contributed a very great deal to farmers' incomes during the past several years and I think it is quite apparent that the introduction of Marquis wheat and latterly Selkirk wheat has improved farm incomes to a considerable extent. Many other improvements have been brought about and it will be possible to bring about many further improvements. In many cases the results of the research in the agricultural field have actually increased yield, two, three, four, five or more than five times. Such increases in yield have, of course, meant a greater return to the farmer, and are more important than a great many of the things about which we have heard so much, such as trying to improve market facilities, to secure very high prices for particular products and to keep price supports under them and many other things along that line. I think we have neglected our research scientists and the wonderful work they are doing in our discussions on the agricultural estimates.

I would like therefore to briefly indicate some of the activity carried on in this respect over the last few years and to tell the house of some of the advances made to illustrate the great contribution these men are making to agriculture. Firstly, may I mention the Lacombe bacon hog. This particular breed, developed at Lacombe, was released to the public in October, 1957 by the Canada-wide distribution of 50 Lacombe boars. Crosses between the Lacombe and Yorkshire exhibit hybrid vigour for growth and they are at least equal to the parental breeds in respect to quality. We have high hopes that this new breed will improve grading and will also enable hogs to go to market earlier. This will of course mean that the farmers will be able to make considerably more profit from them.

A team of biochemists and physiologists has joined the animal husbandman in an intensive search for the factors causing urinary calculi in range cattle. A breakthrough should provide information of great practical value in controlling the problem.

There have been some interesting experiments on pasture. At Nappan, Nova Scotia, an average gain of 548 pounds per acre of beef was secured on fertilized dikeland pasture as compared with 445 pounds on fertilized upland pasture. Corresponding gains on unfertilized pasture were 363 pounds and 233 pounds per acre, respectively. This work is of considerable importance, particularly in the maritime provinces, because we are reclaiming quite large areas down there through the activities of the Maritime Marshland Rehabilitation Act and I think this reclaimed marshland provided the basis upon which a very thriving beef industry can be built up in the maritime provinces, placing the agriculture of those provinces upon a much sounder basis than for many years past.

Cattle warbles have proved a troublesome problem and do great damage to our leather production. Work is progressing favourably on new chemical control methods that destroy cattle grubs before they reach the animals' backs and damage their hides. This promises a distinct advance on previous measures which kill the grubs after they have completed their migration through the body. However, much work remains to be done in

evaluating the total effects of this type of treatment and new materials are under constant test.

The department has an all-out program designed to protect and improve the wheat of the future from both genetic and quality standpoints. Varieties are being developed to meet all foreseen eventualities. Increased emphasis is being placed on superior quality in the new lines. Selkirk, rust resistant, and Chinook, wheat stem sawfly-resistant, are examples of contributions.

The department has released a new malting barley, Parkland, by name, which is at least equal to existing varieties in quality, and superior in agronomic characteristics. It is outyielding Montcalm by seven to ten bushels per acre and has much better lodging resistance.

Cumino sweet clover is another development. The use of this new variety, developed in our laboratories at Saskatoon, will remove the danger of sweet clover poisoning of livestock, and will eliminate melilot taint resulting from volunteer sweet clover in wheat fields. It is the first coumarin-free variety of white blossom sweet clover which has been made available to agriculture.

For the first time in the history of Canadian agriculture a hardy variety of perennial rye grass, capable of surviving winter throughout large areas in eastern Canada, as well as in British Columbia, has been made available in 1957. This variety, known as the Norlea, was developed at Ottawa as a result of 17 years of breeding work. That gives you some idea of the amount of time required in order to develop new varieties and, in other cases, to eliminate certain types of disease and things of that kind.

Rambler alfalfa was developed at Swift Current and licensed in 1955. It is a creeping-rooted, drought resistant variety suitable for dryland pasture.

Annual surveys provide advance information on impending outbreaks of insect pests and enable provincial governments and growers to take proper precautionary measures. This service has contributed greatly to reduced losses from such occurrences as the white grub outbreak of 1957 in Ontario and Quebec, the constantly shifting hazard of the spruce budworm throughout eastern Canada, and the present grasshopper menace that threatens the prairies. A selective spray program has been developed in Nova Scotia against the codling moth and other fruit tree pests. In this program chemicals are selected that also allow control by the natural enemies of the pests involved. This has resulted in a reduction in costs of spray materials from $50 per acre, in comparable areas of eastern United States where this method is not used, to $4.80 per acre, as revealed by independent economic studies. This saving is very important to the established method of production and the type of market available to growers in Nova Scotia, and is a good example of what I said at the beginning regarding the way in which the efforts of our research scientists in agriculture can and do improve the return that farmers get from their crops.

There are several other examples which, perhaps, I will not take time to deal with; various types of experiments, all of which are interesting. I think, perhaps, that I should refer to one or two more. One concerns strawberries. Four new varieties, Cavalier, Grenadier, Guardsman and Redcoat have been introduced from Ottawa. I do not know why those names were considered particularly appropriate for strawberries coming from Ottawa, but perhaps they are. These varieties should have wide adaptation in the east as well as possibilities on the west coast. Cavalier is an early variety, while Guardsman may have a special place as a late ripening variety.

Reliable methods for testing the cold resistance of fruit tree seedlings are being developed. If this program is successful it should practically eliminate the present severe losses from winter killing.

Summerland experimental farm is cooperating with industry in evaluating the 25-bushel containers for handling apples and introducing them to growers; what is known as bulk handling. These are expected to reduce capital outlay for containers and labour handling costs, something which is essential in the fruit industry if growers are to receive an adequate return.

Even Newfoundland has not been neglected in these researches. The peat bogs of Newfoundland have received considerable attention. Agricultural engineers and agronomists are studying methods of drainage and fertility requirements. There have been marked yield increases from applications of both nitrogen and phosphorus on newly drained and limed bogs.

A good deal of work has been done with regard to irrigation as well as drainage, and agrometeorologists and agronomists working together are evolving formulae regulating irrigation to a schedule which permits optimum growth of crops, protects the soil, and economizes in the use of water.

Mr. Chairman, these are only a few of the numerous scientific studies which are going on, and each of them which comes to successful fruition is, of course, extremely helpful to agriculture and, taken together,

these studies do a great deal to improve the general economic position of farmers.

Just before I close I should like to pay tribute to the employees of the Department of Agriculture. I have found them extremely competent and co-operative; I have found that they are deeply interested in agriculture and in the people engaged in agriculture, and they are undoubtedly making a great contribution to this, our most important basic industry.

Mr. Gour: Mr. Chairman, at the beginning of my remarks I want to say to my good friend the Minister of Agriculture that I am in 100 per cent agreement with him with regard to what he said in the last part of his speech about the employees of the Department of Agriculture. I have dealt with them on many occasions over 30 years and found them very loyal. They have done great work for the Canadian farmers, as a whole, in this country.

Secondly, I am 100 per cent in agreement with the minister in what he is doing about raising the standards of animals and produce of every kind produced on the farms. Over 30 or 35 years I have noticed that there has been an improvement in every way of working the land so as to produce better crops and raise finer animals. This improvement is due to the fine work that has been done by federal and provincial representatives of agriculture.

As I said at the beginning of my remarks I wish to make known to hon. members the situation in my riding. There are very many new members and unfortunately for the good of the Canadian people too many of them are Tory. However, those new members I have met since the beginning of the session have been very nice people but, as I said, far too many of them sit on the wrong side of the house and do not advocate a good policy.

The riding of Russell has a population of about 96,000 of whom approximately 32,000 live in the rural districts. Many of those live in small villages and towns; perhaps 8,000 in all. Therefore only about 24,000 of my constituents are real farmers. I want to tell you that I have the best farmers that one can find in this country. Most of them are engaged in mixed farming. They raise every kind of cattle. Some raise chickens and there are many garden farmers who grow the vegetables and fruits to supply the city of Ottawa and surrounding territory. It is not uncommon in Russell to see a farmer milking more than 40 cows a day. Many raise from between 100 and 300 pigs each year. Many raise over 40,000 chickens annually. The farmers there work very hard but, as the minister pointed out, they could improve a great deal in their methods of operation. In many cases they could derive twice the revenue from their farms and their operations in cattle and chicken raising than they are now getting.

I want to draw to the attention of new members the agricultural picture in my riding. I need not do this for the older members many of whom I have known for 12 years and so we are good friends. I am interested in the farmer but not for political reasons because less than one-quarter of the electorate in my riding engages in farming. I am interested in the farmer because I have some knowledge of farming. I was one of a family of 13 born on a farm. I have had business dealings with farmers for 40 years as well as with labourers and people in every conceivable occupation in cities and towns. I have been dealing not only with farmers but with labourers and business people in Casselman for 35 years. I had over 1,000 acres of good farm land under cultivation and was responsible—although not personally—for the milking of between 75 to 80 cows.

While I am referring to Casselman I wish to point out to the Minister of Agriculture that we had a nice plant there dealing with flax and linen. It had up to 4,000 acres under flax. This brought good money to the labourers and farmers in the district and gave them an opportunity to buy additional grain from the west. At that time I was more interested in grain from the west. Many years we had over 100 carloads of grain from the west including wheat, oats, barley and mixed feeds. That fine plant is going down because Britain offered us starvation prices. I do not know if the minister could help us. Britain got flax from Latvia which offered it at dumping prices. We will not be able to carry on and we will have to close the plant. If that happens, a manufacturer from Canada or from any other democratic country in the world will be welcome to step in and start any kind of manufacturing plant there. We will rent or sell it at a sacrifice, perhaps 25 per cent of what it would normally cost. The plant would cost about $300,000 if one were to build it today.

Because I deal with at least 600 farmers a year and approximately 600 customers engaged in other occupations including labourers and business people within a radius of 60 miles of my home, I feel that I am qualified to speak about the needs of the farmer and what we should do for him. Not only should we assist in educating them but we should also improve the prices they receive for their goods. Many of the needed

improvements cost much money and the farmer requires sufficient money to carry on his operations.

I will complete my remarks in English in order to provide an opportunity for English-speaking hon. members to listen to me and try to understand. It will be easier for them than if I were to speak in French. I am interested in seeing the simultaneous translation system installed in the house because then it will be easier for me to speak in French. I want the English-speaking hon. members to know that I had to work 13 hours a day at the rate of 50 cents a day in order to go to school to learn the English language. I therefore feel I have done my duty and I must express the wish that more English-speaking people would make an effort to learn our language. We should not really have a translation system in the house. It is not natural. It is far more natural and interesting to listen to a person speak in his own language.

The Minister of Agriculture referred a moment ago to the fact that we import mutton and that the raising of sheep should be encouraged. Something should be done to raise the price of meat and wool. In my part of the country dogs are a serious menace to sheep. The destruction of flocks in my riding has been due mostly to dogs but in other districts sheep are menaced by bears and other animals. In some districts the farmers are compensated for sheep destroyed in this way but the price is very low.

I have explained my position. I am not a farmer but I still have 200 acres of farm land. I am a businessman. In my business I carry every important piece of goods from puzzles to bulldozers. Therefore, if any of my good friends need something for themselves or for their good wives they will be welcome at my home and they will be just as well served if they are Conservatives as if they were Grits.

If the minister wants to do something to help the farmers of this country I will give him a five-point program. First, the farm loan board should be permitted to lend money on a farm at 90 per cent of the appraised valuation, up to $10,000, and any amount over this at something around 70 per cent of the appraiser's evaluation. As it is now, the appraisers value the farms at only about 80 per cent of their value and allow very little on the buildings. Usually in the east and in the maritimes where we find mostly mixed farming, the buildings on the farms are much more expensive than the land. The interest should be reduced to 4 per cent on a 30-year payment and should be paid by the farmers in any amount at any time without notice. That is the practice

I carry out in my own business. They are always welcome to come after 12 o'clock noon and if it is not after seven o'clock in the morning we call it the day before. Therefore, I make the suggestion that the farmer be given the chance to pay without notice at any time before the due day. This encourages them to pay and it would be an advantage for them to do so.

My second suggestion would be to ask the Minister of Agriculture to use his influence on the Prime Minister, the Minister of Finance and the Minister of Trade and Commerce so that they may be more careful in the words they use when they talk about diversion of trade from our friends and neighbours, the United States of America. Diversification does not bring anything to anybody. If they get dissatisfied on this question of diversion they may stop buying our cattle, our pork, our sheep, and so forth. At the present time the United States are buying our cattle and other animals, and that is the reason for our high prices. If tomorrow the United States were to stop buying our cattle the price of cattle would drop by 50 per cent. I defy anybody to say anything else because I have had the experience of dealing with farmers for 35 years. There has been too much talk about diverting trade from our good neighbours. I would prefer that we did not talk so much about it because our friends may get dissatisfied. Good business people do not talk along that line.

My third suggestion, Mr. Chairman, is that there should be an increase in freight subsidies of $3 a ton on all feed and grain from the west which are shipped to the maritime provinces and to Ontario and Quebec so that the farmers may be encouraged to feed more of the grain. Unfortunately, the people of my riding are selling their cattle unfinished. Some of those cattle are only a year or two years old. The farmers do not make a profit when they sell their cattle that young. We should buy western grain and feed it to our cattle and sell those cattle to our friends to the south and to our people at home. In that way our people would use more western grain and would thereby help the farmers of the west and at the same time make more money for themselves. This would encourage our farmers to give better grazing to their cattle and raise more of them. This applies also to the raising of chickens and pigs. Too many farmers are selling their cattle too young and in an unfinished state to the United States and by doing this they lose their profits.

My fourth suggestion is that we should have a farm credit bank system which should be extended to the fishermen and potato growers

as well as to the small business operators. With the farm loan legislation and the farm development legislation we are in need of a farm credit banking system under which the government will guarantee short term loans of the bank at around 90 per cent and permit the farmers to obtain loans when they are in urgent need, at a low rate of interest. Such legislation should permit the government to send government experts to supervise the farms and advise the farmers. This is one of the great needs of the farmer. They should be in a position to receive help from people who can advise them. That advice could be given in conjunction with advice from the agricultural representatives of the Ontario government.

My fifth suggestion is that the so-called stabilization farm price should be raised on cheese, beef, pork, eggs, poultry, butter and skim milk at least 10 per cent higher than it is now, because the stabilization price is no good to the farmers at the moment because it is less than the price at which they have been selling their farm products for the past two years. In the meantime the cost of operating the farms has gone up from 15 per cent to 25 per cent and this applies also to the things which the farmer has to buy. A cheese factory in my riding is not selling cheese at all at the moment. They have not sold any cheese for two months; they are stuck with it. The price of machinery and the price of everything else has gone up. I keep everything in my store and I am in a position to know what I am talking about. I have a report from my manager which indicates that the cost of shoes, pants, and everything else has gone up. I will not name all of the commodities. The cost of labour has also gone up. Nobody wants to work on a farm any more. They work in the city. It is easy work in most cases and they work only 40 hours a week. The farmers, unfortunately, have to work on Sunday and holidays, on confederation day, Canada day, not Dominion day. The farmer has to work on those days as well, and there is no holiday for him. The prices of everything the farmer has to buy have risen.

Therefore, Mr. Chairman, I submit this idea to the minister in the hope that he and the government will give it every consideration. They will do so if they wish to do something to help the farmers remain on the farms and keep their sons with them. We have to be careful to encourage them to produce on a high scale. It is estimated that the population of Canada will greatly increase in the next few years. We hope to be in a position to supply food for our own people as well as the people in other parts of the world, and in that way keep communism away from us. In this way we shall be able to prove to other nations, as we have in the past, that we in Canada are doing our duty in every way. We will show that we want to be friendly with every country which wants to give liberty and freedom to its subjects.

I know that my friend, the Minister of Agriculture, will take these remarks as a friend's opinion. I am not playing politics in connection with this question. I am only hoping that the farmer will receive more. I know when I say that that my city electors will say, "Gour is for the farmer." I do say that the more prosperous the farmers of this country are, the more prosperous the country will be. Then, too, if the farmer is prosperous he will not go into the city and take jobs which the people in the city need. Therefore everything within reason should be done for the farmer because that will be of advantage to every citizen in this country; that is my opinion, and I think I am right. It is because I think I am right that I am saying these things to the minister. I ask the minister to try to convince the rest of the cabinet of these facts, as I am sure he is convinced of them. The time for politics is over. It may be too bad, but you are elected for the next four years, so there is time to do something.

Mr. Macdonald (Kings): Since I come from a province whose economy is, to a very large extent, dependent on agriculture, I should like to refer in this opening discussion to several phases of that economy which are vital to us at this time. One of our biggest problems is that of obtaining adequate farm credit facilities, and in that respect I include funds necessary for rehabilitation. In speaking on agriculture at the last session I outlined the alarming decrease in the number of farms being operated in our province. As we all know, this results in a serious decline in the general economy of any province, a great loss in production, and eventually a great expense in returning those farms to a state of production which we feel will be necessary at a later period. One of the chief reasons for such an exodus from the farms is the lack of proper credit facilities.

The provisions of the Canadian Farm Loan Act have long been outdated and fail to serve the needs of many of our farm population. I would suggest that it is extremely urgent that steps be taken to either bring this board up to date or replace it with a body which will meet the needs for farm credit under present day conditions. If we are to return these abandoned farms to production, it is necessary in most cases that we inaugurate

a scheme which will allow young farmers, or immigrants, to take over these farms under certain conditions and return them to a productive paying basis. For some years now, many of us have followed closely the successful operation of the Veterans Land Act, as administered by the Department of Veterans Affairs. We feel strongly that if arrangements were made to set up good prospective farmers, under conditions such as those provided under the Veterans Land Act, well supervised and controlled, then we would have a rehabilitation scheme which would be eminently successful. I hope steps will be taken soon along these lines which will achieve, in a large measure, the desire that many of us have for the repopulation of these abandoned farms.

Closely allied to such a program should be the experience and information derived from investigations into land use. I know there has been a committee of the other place studying this problem, and I hope that there will soon be tangible results from their investigations. Here again, I would urge the government to pursue their policy of investigation into this matter, as it would be extremely helpful to any rehabilitation scheme.

One of the major crops in our province is potatoes. Having been very familiar with this phase of our agricultural industry as a dealer and a small grower since world war II, I feel I should make some comment concerning present conditions in that industry within our province. First of all, I must say from practical experience that the humble potato is probably one of the most difficult products in the world to market. The potato market is a most sensitive one for a large variety of reasons which would take a long time to explain. Most of our farmers agree that potatoes are a highly speculative product in which to deal, and appreciate that if a permanent support price is placed under the product that policy could be fraught with many dangers. Of course, our farmers would expect to be subjected to many controls. In general, they do not wish to be placed in this position. However, they do expect that when an emergency arises it will be treated with due consideration.

During the past year we have had an abnormally large crop, not so much as a result of any increase in acreage as the result of ideal growing conditions throughout the whole season. The average price has been fairly good, and in midwinter was reasonably high. Unfortunately, because of our insular position and the fact that we are serviced by only one railway, as well as the fact that reefer cars have only one-way freight, we are seldom, if ever, in a surplus position with regard to this type of rolling stock. During the past winter, when prices were high, our farmers shipped to the capacity of reefer cars available. When the price started to drop they still kept shipping at a high rate. Unfortunately, as a result of the mildness of the winter, there was an abnormally early closing of the side roads and paved highways to heavy traffic. Many of our farmers were unable to ship until a much later date because of the load restrictions on highways, the early calling in of snowplows, and the unusually muddy conditions of the roads for a long period. This left many of our farmers, who normally do not ship until midwinter or later, in the awkward position of not being able to dispose of their potatoes.

I have mentioned earlier the extreme sensitivity of the potato market which is due to many factors pertaining to the marketing of potatoes throughout the whole of the North American continent. In some years we have new and entirely different factors entering the picture. This year one which seemed to have a great deal of influence was the manipulation of the New York mercantile exchange. At any rate, prices had a continual downward trend from mid-winter, with a dull and sluggish market which would not absorb the potatoes being offered.

As a result a number of our farmers were caught with fairly large holdings on their farms. The potato marketing board in our province then asked for some assistance to market the balance of the crop. After several submissions a figure of 45 cents per 75 pounds bulk on the farm was offered. Keeping in mind that this was a distress measure, as a number of farmers had been fortunate enough to market all or most of their crop at reasonably good prices, the price offered by the stabilization board was fairly adequate. Yet, in view of the fact that some farmers were in the unfortunate position of being located where they could not have shipped, it was felt by many, including my colleagues from Prince Edward Island and myself, that the price should have been somewhat higher.

In fairness it might be noted, however, that it does compare more favourably than that offered at the beginning of the marketing season of 1955, when the prices offered were first 15 cents, 20 cents and 25 cents per bushel and later 20 cents, 25 cents and 30 cents per bushel over a marketing period of three phases. It must be remembered that this price was for the whole of the crop in that year, whereas we were asking for a distress price to look after the tail end of our potato crop. In view of the small amount of money spent in assisting the potato grower as compared to the amount used in

supporting other phases of the industry, we did not feel averse to requesting support—and fairly generous support—in an instance such as this. The price support to be granted has been settled for this season, and I do hope that, if the occasion again arises when support is needed, we shall be dealt with in a generous manner by the government and its official advisers.

Our agricultural picture is very closely interwoven with our transport problems. Although we have a great advantage with regard to isolation from diseases among our farm crops and cattle, we are at a distinct disadvantage where importation of feeds is concerned and, of course, in the carrying of our goods to market.

As I have on the order paper a resolution on the Northumberland causeway which I hope will come up for discussion, I will not deal with that phase of our transportation problem at the present time. However, for reasons I have just mentioned, I should like to deal briefly with present services; particularly that provided by the existing railroads and ferries.

As in many other parts of Canada, our rail service has been curtailed, with the approval of the board of transport commissioners, and I feel that it has been cut down too much, to a point where it is to the disadvantage financially of both the railways and our people, particularly our farm people. This is especially so in the constituency of Kings which I have the honour to represent. During the winter I made a trip on each of the three main lines in our county, familiarizing myself with the service from the viewpoint of the train crews, station agents and the travelling public. It is strongly urged that the present daily winter service be set up one month earlier in the fall and run one month later in the spring. In that way it would be providing many places with a service which would allow shippers of produce and other bulk products to compete on the same footing with those in other sections of the province, and it would not cost the railways any more than does the present irregular shortened service of the summer months.

Our passenger and vehicle service at both ferries has continued to grow regularly each season, and the present service at both Borden and Wood island is inadequate. A new boat has been provided for Wood island which will assist in that service greatly and by this fall, on the completion of the causeway survey, we should perhaps be in a better position to decide whether or not a new one will be necessary also at Borden. When the causeway is built there will still be great pressure for greater outlets in the eastern part of the province. I would suggest that strong consideration be given then to the transfer of some of the facilities now at Borden to the port of Georgetown. This port is the finest one in the province with almost year round ice free conditions. A connecting link from here to Pictou in Nova Scotia would be a practical proposition and would provide an all year round and very much needed service to the eastern sections of Prince Edward Island and Nova Scotia. It would provide this section of our province with better and more accessible markets for farm products, as well as a better service for our tourists and the travelling public generally.

It would be greatly appreciated, Mr. Chairman, if the government would give every consideration to these major farm problems which I have dealt with briefly. They are chiefly the rehabilitation of our abandoned farms, with due consideration of the Veterans Land Act as a model a wider expansion of farm credit facilities; progress in land use study; due consideration to adequate prices for support when warranted; and any assistance which could be provided in drawing attention to the importance to our transportation problems.

Mr. Peters: I have been very much surprised this afternoon to note the usage the minister makes of certain words. He refers always to a moderate decrease and yet when he speaks of the same sum of money, if it is an increase, it is a substantial increase. I think that probably explains fairly well what the policy of the government in the past year has been with regard to agriculture. Where there is an increase, it is substantial but where there is a decrease of the same amount, it is very moderate. I think the farmers will eventually be wondering just where the substantial increase arises.

Some of the members have asked why I should be speaking on agriculture. There are a great number of new Conservative members from agricultural fields who probably do not know that in northern Ontario we have what is called the little clay belt which is probably one of most outstanding and most fertile agricultural areas in all of Canada. Western members may be interested to learn that this area which is in northern Ontario and—that there is a great quantity of available agricultural land—suitable for mixed farming. We have many farmers who farmed in the west. It may be of interest to hon. members to learn that when our house leader came to northern Ontario last week he met two or three farmers near whom he had farmed in his

own area but who are now farming in northern Ontario. It is a mixed farming area. Unless this particular government does something about the problems of wheat I am quite sure they will be able to explain to some of the new members who wish to go into farming that they will be able to go into northern Ontario, if the price of wheat continues to fall.

This government since its inception has continually tried to maintain, in my opinion, the poor conditions under which the farmers have existed for the last five or six years and they have striven very hard to do that. I am surprised to hear that some consideration has been given to agriculture when we note the amount provided in the estimates that are now being discussed. In the 1957-58 estimates under a Liberal government $87 million was the amount involved in the agriculture estimates, and in the current ones, those for 1958-59, only $90 million is involved. So that if this government has done such a great deal for agriculture and for the people in that field, they have done it or hope to do it with the sum of $3 million over and above the former estimates.

The minister made a good deal of the Agricultural Stabilization Act and he mentioned some of the things which had been happening. On page 2075 of *Hansard* for July 9 last he had this to say:

> As I have said, I think a great deal of the improvement has been as the result of policies followed by this government, including the introduction of the Agricultural Stabilization Act.

He goes on to say something about a formula and the general opinion has been expressed during and since the last election that this Agricultural Stabilization Act did have a formula. I think it is very interesting to note the words of the minister when he referred to this formula and when he was comparing the changes in the new act with the provisions of the old act. He said:

> A formula was included for establishing a base price for any agricultural commodities.

He does not say the base price for these agricultural commodities was established on a formula but he says that the formula was included for the establishment of this base price. I suggest there is a great deal of difference between a formula used in establishing a base price and a formula for the establishment of that base price. I presume that when you have a stabilized price you do have a formula but I do not think there is any formula which has any relationship to anything else in this base price.

The minister goes on to mention an advisory board comprised of representatives from farm organizations and outlines the general intentions of the act and so on, but I would like to know from the minister before his estimates are completed how often this stabilization board is meeting, what they are doing and just what they have accomplished which was not accomplished by the previous act.

I know that the officials of the government, in particular of the department concerned, who have been appointed to administer the act were the people who administered the old act and I have personally found them very courteous and helpful at all times. Let us look at some of the prices which have been stabilized, however. It is generally understood that prices were to be stabilized at 80 per cent of the average price for the last ten years and it has been pointed out that butter, for instance, has been stabilized at 107 per cent, steers and lambs at 80 per cent and the highest percentage quoted was 112 per cent. We also know that in the case of many of these commodities the floor price established is considerably higher than formerly under this formula—as the minister calls it—of 80 per cent. Some commodities, however, were receiving greater prices prior to the introduction of this act and it is probable that prices received do not have too much relationship to this legislation.

We believe that the Conservative government has done very little to stabilize agriculture in our country. In my own particular area, and I think this applies across Canada, the number of people leaving the farms has not decreased since this government came to power. In fact, their problems are just as great today as they were under the old administration; the standard of living in rural areas has not improved and neither have conditions generally.

As in all other parts of our economy the prices of consumer goods have continued to rise, which has forced up the cost of living and these prices are continuing to rise. Yet we are given an assurance that conditions are improving. I believe and my party believes that the solution to some of these problems is the implementation of a parity price. In the last few years there has been an increased interest in deficiency payments but it would appear to me that deficiency payments are merely a substitute for a parity price, the only difference being that a deficiency payment is paid on a product already sold—

Mr. Woolliams: Would the hon. member permit a question? Would he mind giving the house his definition of parity of prices, that is to say the C.C.F.'s definition? I have been wondering about that and I would like

to hear it from the hon. member this afternoon because some of us may be answering him in this debate today.

Mr. Peters: I would be more than pleased to do so, but I would first like to say that there have been many explanations of parity prices because all political parties, unfortunately, have used this term in the course of every election with which I have been concerned.

I believe and my party believes that a parity price is a price which will take care of cost of production on a regional basis. It would mean, for example, with respect to a dairy product such as whole milk, where it is not called a parity price but that is what it means, that you would have to take into consideration the wholesale index, the weekly wage index, the commodities and services used by farmers index, the price of butter fat index, the prices of condensed products index and the prices of cheese index. You would have to add up all these figures and put the total over 100 in order to arrive at a base. We feel that account must be taken of all facets of cost of production, including farm labour, cost of living, cost of machinery, a certain return on investment and allowance for interest on loans and all those things which are necessary in order to produce your product. Your selling price must be equal to this amount and we do not consider that profits should enter into this question. A parity price would only be cost of production which would include all the divisions I have outlined.

Mr. Woolliams: May I ask a supplementary question of the hon. gentleman? I am sure he knows that the cost of producing a bushel of wheat in some sections is less than others, and would he take into account the regional costs?

Mr. Peters: Yes, it would be on a regional basis.

Mr. Woolliams: Would the hon. gentleman say the cost of producing a bushel of wheat even in the same community might vary from farm to farm?

Mr. Peters: I would say it would.

Mr. Pickersgill: Mr. Chairman, on a point of order, I am wondering if this edifying debate is in order on the minister's estimates.

Mr. Peters: The Canadian Federation of Agriculture carry out surveys and they at one time had the services of an exceptionally fine economist who, unfortunately, has passed on. However, they have the benefit of considerable research and I am sure they could tell the hon. gentleman what he wishes to know. These facts are all available and they could tell him exactly the average price of producing a bushel of wheat in any given area of the prairie provinces, or Ontario or the maritimes, for that matter. These are things which can be worked out and have in fact been worked out and if the hon. member represents a wheat growing community I am sure he would be most interested to know what is the formula price for wheat in his particular area.

We believe that no farmer, and for that matter no person, should be asked to produce a product for nothing or in respect of which over a given period of time he is in effect losing money. Those in labour a few years ago implemented a very similar program to this when they attached to their wages the matter of the cost of living. They computed the cost of living on the dominion bureau of statistics figures, and every time the cost of living went up a point they had their wages increased. We feel that if the farmer is going to maintain his position on the farm —if that is the wish of the Conservative government—they are going to have to do something not only to see that the farmer gets along as well as he did last year, because that was not very good in my area, but that he gets a much better deal than he has had in the last two or three years and that he returns to the plane he was existing on in the years between 1945 and 1951 when he came closer to maintaining a parity price than ever before. I do not think many farmers throughout Canada would say that that parity price between 1945 and 1951 was a bad thing.

There are many other considerations which the minister must take into consideration. Certainly, for the benefit of those members from the west who have not been here before, I think they will be very concerned with this matter of crop insurance. I understand that in the west there is a serious drought condition. In my area it is not a drought condition. We have had lots of rain, but we have not had much good weather and we are faced with a poor hay crop, and unless conditions improve we are not going to have good grain either. Some consideration must be given to the stabilization of the products that agriculture is producing. The agricultural producers of this country want to market as good a product as possible. To enable them to do that and maintain a standard for Canadian products that will sell across the world the government is going to have to insist on much better grading and much better marketing than we have now. We have had over the last year a great deal of difficulty concerning bacon. That one commodity, bacon, has been done up in packages

and it looks very nice. The packages have had red cellophane on them, and you buy a package of bacon and think you are getting good bacon but you end up getting mostly lard. If we are going to work for international markets or to increase local markets we are going to have to provide the means whereby we can provide a much more stabilized product than now.

I am very pleased to hear from the agriculture committee that they are going to be discussing the matter of credit for agricultural loans. This is one of the great problems that we face in northern Ontario and I am sure we are facing it across the country, and while I do not want to discuss this matter at any length I do hope that the minister will give consideration to providing for the farmers loans on a similar basis to those which are provided for under the Veterans Land Act which have in most cases worked out very satisfactorily. It has been apparent to the Veterans Land Act authority that they must to some extent supervise the credit they are extending, and there comes a time when credit must be extended beyond what is considered now satisfactory under our chattel mortgages and loan mortgages, and I think the Veterans Land Act has found some solution to this question.

The matter of crop insurance is, I suggest, going to be very important to western farmers. It has been said that they have four or five years of wheat built up in their yards or in their granaries, but I am quite sure that they are depending this year on a crop that they may not produce. While this matter is provincial in scope and has been handled by some of the provinces, I think the federal government has an obligation to provide leadership for those provinces who have not seen fit to look after this matter on their own behalf. If we are sincere in our talk about extending benefits to farmers under other acts, I think we could provide unemployment insurance in a manner in which it could be provided to a farmer, namely by the implementation of crop insurance.

Again, we are concerned with the matter of the wheat surplus. Some people maintain that with a better price for agricultural products there might be a surplus. At the present time, and for a number of years, the only major surplus in agriculture in Canada has been in wheat, and according to reports that surplus may not be as much this year as it has been in other years. But this is, again, a matter which needs a great deal of consideration and sympathetic study. This is a commodity maintained by the federal government and the federal government must take care of that portion of the product that must be sold on the international markets. We are pleased with the work that has been done in this field, but certainly would support any constructive decision that is made to have a two-price system on wheat, where one price could be available on a competitive basis on the international market and the other one handled perhaps under the Agricultural Prices Support Act where we think it should have been put in the first place.

Another problem which faces agriculture is this matter of farm efficiency. There have been a number of very comprehensive articles written about this. The Conservative candidate in my area was very concerned about where the farmer was going, whether he was efficient enough to operate and just how he could be helped, and one of the ways in which big business is helping the farmer is through this matter of vertical integration. While this has taken place and some of our farmers have accepted it because of cash restrictions and because they have to borrow money from the bank in order to develop, they have signed contracts with feed companies and other companies such as packing companies that are less than what would be called desirable. Unless some consideration is given to this matter the small farmer who has been the backbone of agriculture in Canada for years will gradually disappear and we will find the farmer in the position of a hired man for the local packing company or for the local feed dealer.

Some consideration must be given to examining this vertical integration program. Legislation should be developed that would be much more effective in dealing with combines which would take place and could take place very easily in the feed industry and in the packing industry where they are supplying the money. If the farmer is going to be forced into this vertical integration, then I think the federal government has an obligation to protect the farmer and enact legislation that will prohibit the abuses present in the contracts farmers are now signing, and make it imperative that if a farmer is going to sign this type of contract he will be at least protected so that at the end of the year he will have a decent standard of living.

On this same business there is a conclusion that has been reached that I think will be of interest. It is from an organization that I do not usually quote. It is the Searle Grain Company Limited. I am quoting from a booklet entitled "This matter of farm efficiency —a commentary":

> It has been said that farming can no longer be considered a way of life, that it is strictly a business which must be run on strictly business-like lines. We venture to say, however, that desirable and necessary as it will always be to aim for the greatest efficiency possible, farming will still remain very much a way of life to many.

Life is made up, after all, of apparent inconsistencies and that is why the human desire to cling to farming in the face of difficulties is something which cannot be explained in terms of the dollars and cents return any more than it can be fully understood by those who concern themselves with efficiency. The present trend toward larger farming operations will undoubtedly proceed but with two-thirds of our prairie farms still under three-quarters of a section in size there is little doubt that for many years to come the moderate sized or relatively small holdings will continue to occupy an important place in the whole farming industry in western Canada. To our way of thinking this is very desirable.

I suggest this is desirable to the agricultural industry of all Canada. We endorse it and urge the minister to take some steps to see that it comes about.

A problem has developed in my area which I should like to bring to the attention of the minister. We have been farming in northern Ontario for approximately 50 years. The farmland has been heavily worked. The prices that have existed in years gone by with a very few exceptions have been such that the farmer has not been able to take steps to replace the minerals in the depleted soil. Such action is now necessary. Mixed farming takes more from the soil than does the type of farming that is done in the west. Now the farmer is faced with increased costs for providing commercial fertilizer and agricultural limestone.

There is a federal statute in existence called the Agricultural Limestone Subvention Act, revised April 1, 1951. This is a joint program involving the railway companies, the provincial governments and the federal government. Its purpose is to provide at the lowest possible cost agricultural limestone for use by farmers subsidized with respect to freight rates. The railways have made a reduction for the farmer who imports agricultural limestone. The reduction is 25 per cent. The Ontario government in southern Ontario pays 75 per cent of the reduced freight rate up to a maximum of $2.50 per ton. In northern Ontario the provincial government will pay 75 per cent of the reduced freight rate with no limit and the purchaser will pay the balance. The federal government will pay 60 per cent of the provincial contribution to the freight rate for the hauling of agricultural limestone when billed by the provincial government. If the limestone is hauled by truck from the source to the farmer the federal will pay five cents per ton up to a maximum of $2 which would be 40 ton miles. This has been advantageous to the people of northern Ontario. They have had to use increasing quantities of limestone which they have purchased by the carload through farm co-operatives, the federation of agriculture and the farmers' union. They have appreciated this arrangement. Because commercial fertilizer falls in the same category as agricultural limestone and because they have to buy fertilizer in such large quantities the farmers in that area would like the act extended to apply to fertilizer as well. This would mean that the farmers could put more fertilizer on the land.

From my experience with farmers I know they are the original conservationists. The farmer owns his land. He likes farm life and puts all the money he can into his farm. If the coverage of the agricultural limestone subvention policy were to be extended the farmers themselves would make an increased contribution to the betterment of the country and would increase the production of agricultural products on their farms.

May I conclude by expressing the hope that in the near future the Minister of Agriculture will introduce legislation that is not a copy of the kind of legislation the Liberal government implemented many years ago. Farm prices have been steadily decreasing. Farmers are leaving their farms in great numbers. The agricultural economy of Canada in my opinion is one of our greatest heritages. It is a renewable resource of which we should be proud. We should take good care of it and give the industry all the assistance we can.

Mr. Robichaud: Mr. Chairman, a week or so ago when I addressed myself to the coal problems of the maritime provinces it was pointed out by the minister concerned that I was an ex-inspector of fisheries attempting to speak on the coal problems of the maritimes. If this afternoon I participate briefly in this debate on the first item of the estimates of the Department of Agriculture I hope I will not be accorded similar treatment by the Minister of Agriculture.

When introducing the first item of his estimates on Wednesday the minister made a general statement on the situation of agriculture particularly during the past year. In his statement, the minister stated that farm cash income had declined slightly from 1956 level but it was $47 million higher than the average for the ten-year period 1948-1957, and higher than the amount realized in five years out of this ten-year period. In order to make his statement clear and logical, the minister should also have mentioned the increase in population which took place during that same period and which normally would mean a much larger consumption of our agricultural products.

With an actual farming population of approximately 17 per cent of the total population of this country, it is true that the productivity per man hour has advanced far

more rapidly in agriculture than in any other industry in Canada. It is a well-known fact that our country today is almost self-sufficient in the production of food for its growing population, with food imports averaging only approximately 4 per cent of our total farm production. It is therefore logical that an industry which affects such a large percentage of our population, with total gross revenue of approximately $2¾ billion per year, should receive considerable attention from the parliament of Canada. The total estimates for the present fiscal year for the Department of Agriculture amount to approximately $97 million, or less than 2 per cent of the total budget for the present fiscal year.

In the course of his statement, the minister stated that a considerable number of commodities had been stabilized under the Agricultural Stabilization Act and had so far authorized 16 products in addition to turkeys and potatoes which were authorized under the Agricultural Prices Support Act. This report shows that out of the 16 commodities quoted, 11 have been supported at a percentage below the 100 per cent average base price for the last ten years, and in fact, five of these commodities have been supported at the minimum price of 80 per cent based on prices paid for the last ten years.

Before this first item is passed by this committee could the minister inform us what was the total amount paid under the agricultural prices stabilization program from January of this year to June 30? We will also be interested to know how much was paid in subsidy, or deficiency payments for asparagus and soybeans.

Now, Mr. Chairman, while the number of cattle exported in 1957, as stated by the minister, was seven times as high as the exports for the previous year, we must also take into consideration the fact that on account of this large increase in exports the Canadian consumer is paying from 25 per cent to 30 per cent more for beef than he was paying a year ago. This is adding, accordingly, to the cost of living and we must also take into consideration the fact that this increase in export of cattle is only a temporary one and could easily be reversed when the United States have increased their production, as they are doing now.

Notwithstanding the accusations made by members of the present government about the legislation brought in by the previous administration, we must all admit that the present policy of the government is based almost entirely on the sound foundation of Liberal legislation. The only major changes made since June, 1957, are the cash advances on farm-stored grain and amendments to the Agricultural Stabilization Act.

[Mr. Robichaud.]

Measures such as the freight assistance policy, the Farm Improvement Loans Act, the Prairie Farm Assistance Act, the Prairie Farm Rehabilitation Act, the Maritime Marshland Rehabilitation Act were all enacted by the previous administration. The Liberal administration also assisted and supported the Canadian wheat board through vigorous sales policies, with wheat sales in previous years reaching record proportions.

As I have just stated, it is evident that the present government so far has done nothing more than build on the sound legislation introduced by the previous administration. We of the official opposition realize that the ever-increasing farm production in Canada requires a new approach to the problem of agriculture, with proposals that will be of long range benefit to our farmers and which will assure them the place which they deserve in our economy and in our national life.

The importance of a national policy on farm problems, farm credit and others, must be one of the main concerns of the present government. It is the duty of the government of this country to maintain a healthy and efficient agriculture and this cannot be done unless prices paid for farm commodities can assure our farmers a fair profit for their farming operations. With our increase in population our agriculture should become more and more stabilized but for the time being our farmers want constructive action from the present government.

While certain farm commodities have been included for price support or deficiency payments under the agricultural stabilization bill, other important commodities have been left out from the permanent list and may be included only after acceptance by the governor in council. It may be all right to support such commodities as asparagus or soybeans, but we from the maritime provinces want to know why potatoes are not included on the permanent list of commodities coming under this act or at least why our potato growers are not given the protection received by growers of other products in other sections of the country.

Mr. Harkness: They have had a great deal of protection; a lot of money has been paid out to them.

Mr. Robichaud: The minister seems to be satisfied with the protection which has been given so far. Unfortunately, our farmers are not of the same opinion. The Prime Minister has said on numerous occasions that "there is a distress price in Canada below which all agricultural prices cannot fall." The potato is an important commodity for farmers in Prince Edward Island and New

Brunswick and our farmers have a right to expect the same protection which is being given to farm producers in other sections of the country. The recent offer made to Prince Edward Island farmers, averaging 33 cents a bushel for their potatoes, is not sufficient. It is not a sufficient offer to our producers and the government without delay should come out with a farm policy for our potato growers.

Another commodity which has been given the run around by the Minister of Agriculture is the pulpwood sold on the small farms in eastern Canada. We all realize that a large number of our small farm owners depend on the sale of pulpwood cut from their woodlots as a source of ready cash or revenue to meet the payment of their municipal taxes and other urgent obligations. Those small farmers are receiving today for their pulpwood a price which is far from satisfactory and which barely meets their expenses of cutting this pulpwood and taking it to the roadside.

On January 21 last, as reported at page 3809 of *Hansard*, for the 1957-58 session, during the course of the debate on the agricultural products prices stabilization bill I asked the minister the following question:

> I would appreciate it if the minister would be more specific and explain why he is opposed to the inclusion of pulpwood as one of the commodities to be covered by the bill, or can he assure us that pulpwood could be included under subparagraph (ii) of clause 2, "any other natural or processed product of agriculture designated by the governor in council."

On that occasion I received the following reply from the minister:

> Yes, Mr. Chairman, Clause 2 provides for support prices being established for any agricultural commodity which is accepted by the governor in council on the advice of the committee and of the board as one which should be supported.

This, Mr. Chairman, could be considered as a rather vague reply, but during the political campaign, while speaking in Rimouski on February 27, the Prime Minister said, as reported in the Toronto *Daily Star* of February 27, 1958, something which was rather more specific, and I quote:

> I hope that the advisory committee and the stabilization board would give consideration to including farm-produced wood so that they will know the lowest price they will receive in a year in advance.

It is five o'clock, Mr. Chairman.

The Deputy Chairman: It being five oclock, it is my duty, pursuant to standing order 15, to rise, report progress and ask leave to sit again later this day, or at the next sitting of the house, as the case may be.

Progress reported.

Private Bills

Mr. Speaker: It being five o'clock, the house will now proceed to consideration of private and public bills, the former pursuant to standing order 15 (3) having precedence.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Speaker: Since there are a number of divorce bills standing for second reading, is it the wish of the house that these bills be taken in one motion?

Some hon. Members: Agreed.

Bill No. SD-79, for the relief of Benita Gertrude Kozlov Cohen.—Mr. McCleave.

Bill No. SD-80, for the relief of Marie Marguerite Amelia Genier Wright.—Mr. McCleave.

Bill No. SD-81, for the relief of Winifred Jean Garrett Somers.—Mr. McCleave.

Bill No. SD-82, for the relief of Frances Erdanova (Erdan) Weiskopf, otherwise known as Esther Weiskopf Weiskopf, otherwise known as Frances Erdanova (Erdan) Stern, otherwise known as Esther Weiskopf Stern. —Mr. McCleave.

Bill No. SD-83, for the relief of Mac Bernard, otherwise known as Manny Bernard. —Mr. McCleave.

Bill No. SD-84, for the relief of Marcelle Gagnon Lachance.—Mr. McCleave.

Bill No. SD-85, for the relief of Jean Claude Albert Leonard.—Mr. McCleave.

Bill No. SD-86, for the relief of Anne McCluskey Templeton.—Mr. McCleave.

Bill No. SD-87, for the relief of Lillian May Seymour Perez.—Mr. McCleave.

Bill No. SD-88, for the relief of Lucille Esther Hudson Donnelly.—Mr. McCleave.

Bill No. SD-89, for the relief of Dorte Glahn Carnie.—Mr. McCleave.

Bill No. SD-90, for the relief of Marie Therese Carmen Pauline Legault Lortie.— Mr. McCleave.

Bill No. SD-91, for the relief of Joseph Leo Nolet.—Mr. McCleave.

Bill No. SD-92, for the relief of Naomi Ruth Wolfson Fischel.—Mr. McCleave.

Bill No. SD-93, for the relief of Florence Lillian Henderson Pinkney.—Mr. McCleave.

Bill No. SD-94, for the relief of Francine Major Daigneault.—Mr. McCleave.

Bill No. SD-95, for the relief of Odette Lemay Dussault.—Mr. McCleave.

Bill No. SD-96, for the relief of Joan Collie Showler.—Mr. McCleave.

Bill No. SD-97, for the relief of Johanna Hendrika Jilderda Haring.—Mr. McCleave.

Private Bills

Bill No. SD-98, for the relief of Patrick Charles Stanford.—Mr. McCleave.

Bill No. SD-99, for the relief of Beryl Elizabeth Scrase Laliberte.—Mr. McCleave.

Bill No. SD-100, for the relief of Barbara May Ramsey Bryant.—Mr. McCleave.

Bill No. SD-101, for the relief of Joyce Sherman Fogel.—Mr. McCleave.

Bill No. SD-102, for the relief of Wilfred David Oliver.—Mr. McCleave.

Bill No. SD-103, for the relief of Joseph Urban.—Mr. McCleave.

Bill No. SD-104, for the relief of Olive Margaret Lester James.—Mr. McCleave.

Bill No. SD-105, for the relief of Florence Mildred Matthews Dawe.—Mr. McCleave.

Bill No. SD-106, for the relief of Marie Berthe Helene Guerard Maher.—Mr. McCleave.

Bill No. SD-107, for the relief of Marie Juliette Pauline Josette Beaudoin Said.—Mr. McCleave.

Bill No. SD-108, for the relief of Judith Margaret Bianchi Sartori.—Mr. McCleave.

Bill No. SD-109, for the relief of Clarabel Ellement Vaillancourt.—Mr. McCleave.

Bill No. SD-110, for the relief of Alice Elizabeth Edden Aumais.—Mr. McCleave.

Bill No. SD-111, for the relief of William Gordon Heughan.—Mr. McCleave.

Bill No. SD-112, for the relief of Roland Doutre.—Mr. McCleave.

Bill No. SD-113, for the relief of Gerald Edward Burnham.—Mr. McCleave.

Bill No. SD-114, for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.—Mr. McCleave.

Bill No. SD-115, for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun.—Mr. McCleave.

Bill No. SD-116, for the relief of Doris Cahill Chabot.—Mr. McCleave.

Bill No. SD-117, for the relief of Ruth Marsha Yanover Caunter.—Mr. McCleave.

Bill No. SD-118, for the relief of Joseph Wilfrid Rene Fortier.—Mr. McCleave.

Bill No. SD-119, for the relief of Ingeborg Alves-Probst Wright.—Mr. McCleave.

Bill No. SD-120, for the relief of Paulette Priscilla Benning Buchanan.—Mr. McCleave.

Bill No. SD-121, for the relief of Irene Georgina Descyca White.—Mr. McCleave.

Bill No. SD-122, for the relief of Eszter Jeszenszky Tahy.—Mr. McCleave.

Bill No. SD-123, for the relief of Alice Latou Tubbs Wood Green.—Mr. McCleave.

[Mr. Speaker.]

TRANS MOUNTAIN OIL PIPE LINE COMPANY

Mr. E. J. Broome (Vancouver South) moved the second reading of Bill No. S-6, respecting the Trans Mountain Oil Pipe Line Company.

He said: Mr. Speaker, the purpose of this bill, as set out in the bill, is to subdivide each of the shares without nominal or par value into five shares without nominal or par value. Such a subdivision would result in a reduction in the unit price per share and a corresponding increase in the number of shares held by each shareholder and in the number of shares available for future issue. It is believed that the lower unit price and larger number of shares should encourage a wider distribution of the company's shares among investors in Canada and would facilitate future financing by the company. After this bill has passed second reading, I undertake that the officials of the company will be available to the members of the committee on railways, canals and telegraph lines to explain the bill in detail.

Before I go on to the financing of the company, I should like to go into a certain amount of detail concerning the operation of Trans Mountain Oil Pipe Line Company and pipe line companies generally, so that the members of this house will have a knowledge of the oil pipe line industry. As hon. members will recall, Trans Mountain was incorporated by an act of parliament in 1951 for the purpose of transporting oil from Alberta to the Pacific coast. It was originally conceived and built as an all-Canadian line at a time when it was considered politically desirable that the oil reserves of Canada should be reserved for Canadian use. For this reason the terminus of the line was to be in the Vancouver area, with a provision for shipping any surplus oil to export markets by tanker or by barge. However, the fantastic growth in Canadian oil reserves soon made it apparent that development of these Canadian oil fields would be held back unless export markets were secured, and to this end Trans Mountain incorporated a wholly owned United States subsidiary, Trans Mountain Oil Pipe Line Corporation, which owns and operates the company's pipe line system in the state of Washington. This Washington system is connected to the refinery of the General Petroleum Corporation at Ferndale, and to the refinery at Anacortes of the Shell Oil Company, as well as to the new Texaco refinery which is presently being built in the same area. The total for these two refineries, excluding Texaco, will be 90,000 barrels a day.

When Trans Mountain was built approximately 2,500 men were engaged on the original construction of the project, of whom

90 per cent were Canadians who gained experience in the complexities of pipe line construction. Since the completion of the original line a number of substantial contracts have been awarded to Canadian construction companies, giving additional employment. In this regard, it might be well for members of the house to understand the purchasing policy of Trans Mountain Oil Pipe Line Company, which is set out in the purchasing manual as follows:

> General policy is to purchase materials and equipment made in the following areas with preference given in the order they are shown:
> 1. Canada—western area
> 2. Canada—eastern area
> 3. United Kingdom
> 4. United States
> 5. Other countries
>
> The preference referred to is given only on the basis that materials and equipment are of equal quality and price.
>
> Policy as regards distributors and wholesale houses will be to place orders for use in Alberta with firms located in the Edmonton area, wherever possible, and for British Columbia requirements with Vancouver firms. Consideration is also to be given Kamloops firms where they are able to compete.

In a most recent expansion of the system, two leading Canadian manufacturers of electrical equipment were given the opportunity of producing in Canada, for the first time, large capacity explosion-proof electric motors and complicated control systems for pipe line pump stations. When it is not possible to obtain our requirements from Canadian manufacturers the manual states preference is given to the United Kingdom and commonwealth suppliers. Every effort has been made and will be made to allow them to participate in our business. In some cases we have been able to delay our delivery dates in order that they might participate in this business.

As to the staff of the company, as called for in the Companies Act the majority of the directors are Canadians. In regard to the employment of other personnel for Trans Mountain, the employment policy from its very start has been to obtain qualified Canadian and British commonwealth personnel, with preference given to those with oil industry experience and especially pipe line experience. To this end, more than 2,000 applicants were reviewed during the hiring of the first 150 employees. Of these 150 Canadians and British commonwealth citizens very few had previous important pipe line experience. The company paid for and sent these men around to various pipe line companies, both in Canada and the United States, in order to gain this experience. At the present time Trans Mountain Pipe Line Company is wholly staffed with Canadian personnel. This should be a bit of an object lesson to a lot of other pipe line companies who have not shown that same initiative.

Because of the publicity which has been given to pipe lines and pipe line matters, Mr. Speaker, both in the press and in parliament over the past few years, it would seem desirable at this time to say a few words about an oil pipe line as compared to a gas pipe line. On land, the main arteries of transportation of both petroleum and natural gas are the pipe lines. At this moment, I am reading from the submission of Trans Mountain Oil Pipe Line Company to the Borden commission. These pipe lines are similar in size, extent and general trunkline constitution. It would appear that, generally speaking, the public does not differentiate between the two. However, there are characteristic differences which are of major importance when considering government regulation and control as well as such matters as finance and operation.

Oil pipe lines generally transport a commodity that is owned by others, a raw material that is eventually delivered to a refinery for further processing into many products before reaching the consumer. Gas pipe lines, on the other hand, frequently function as public utilities, owning the material they transport and delivering it as a finished product. An oil pipe line frequently has no guaranteed business and is essentially a high-risk venture; a gas pipe line, before construction gets under way, generally has long-term contracts for both supply and delivery that will guarantee the high load factor essential to economic operation, thus making it a relatively safe undertaking. In fact, in the case of Trans Mountain it was necessary, because of the risk element, to obtain from the major backers of the project deficiency agreements which will be further explained when I deal with the financing of this company.

In the United States, controversy over the pros and cons of ownership and control of pipe lines by the major integrated companies has existed since the early days of the oil industry. Out of this controversy have come such regulatory measures as the Elkins act, prohibiting rebates, the consent decree regarding permissible dividend payments and various Sherman act anti-trust cases. Divorcement of pipe lines and disintegration of major companies have been seriously considered by the authorities concerned. In this regard, I should like to refer to the Merrill foundation for the advancement of financial knowledge which financed the work of Mr. Leslie Cookenboo, who produced a study on this very important subject. This study is contained in this book entitled

"Crude Oil Pipe Lines and Competition in the Oil Industry". I should like to quote from page 143 where Mr. Cookenboo, in discussing public policy and public control of pipe lines, has this to say:

A similar development, which is even closer to the best that any public policy could hope to achieve, is illustrated by the two Canadian lines mentioned above—

Namely Trans Mountain Oil Pipe Line Company and Interprovincial.

—which were built under special permits from the Canadian government.

He goes on further to state that in these lines the financing was shared by independents and majors alike as well as public participation. He closes his paragraph on page 143 by stating this:

If future crude lines built in the United States were to imitate those built in Canada (most of the ownership is by United States companies or their subsidiaries), then there would be little ground for complaint about major exclusion of the market-oriented independent refiners from crude supplies.

Again on page 168 he states:

—the latest such joint venture,—

That is of independents and majors combined.

—Trans Mountain is an almost ideal example of how a pipe line should be built—

I should now like to turn to the financial structure of the company. When Trans Mountain was first financed it was based on an estimated completion cost of approximately $80 million, and it was decided that $65 million should be produced by the sale of bonds and $15 million by the sale of shares. Shares to the number of 450,000 were sold to the public at $10 per share to yield to the company $9.50 per share after deduction of underwriters' fees. The remainder of the shares issued originally were sold directly at $10 per share. With respect to the 450,000 shares sold to the public, the underwriters were asked to effect a wide distribution to Canadian purchasers. That this objective was accomplished is evidenced by the fact that the first shareholders' list included over 5,000 names; and I believe that number has increased to date, to something in the neighbourhood of 7,000 names. The shares were not offered for sale in the United States and no registration of the shares of this company has been effected with the United States securities and exchange commission. I may say that this again is from the submission to the Borden commission.

The prospectus of the company contained a clear warning of the risk and speculative nature of the undertaking. Because of this an important added feature is the fact that all the bonds issued are guaranteed by deficiency agreements entered into between the company and the six major oil company shareholders. Those shareholders are Imperial Oil Limited; Shell Oil Company of Canada, Limited; Canadian Gulf Oil Company; Standard Oil Company of British Columbia, Limited; Union Oil Company of California and Richfield Oil Corporation. These companies are referred to as deficiency agreement guarantors. In other words, these companies have to guarantee the bondholders. That is, if the pipe line did not make a profit, and if it did not carry its charges, then these companies would have to make good to the bond holders. In addition, a group of independents signed deficiency agreements but these agreements were subject to lapse on December 31, 1956.

The effect of that is rather interesting, Mr. Speaker, in that the shareholding as of March 27, 1958 as compared to December 31, 1951, varies as follows. On December 31, 1951 some 670,000 shares were held by the major oil companies which were guarantors under the deficiency agreement. That number has dropped by only 100,000 shares to 570,000 shares as of March 27, 1958. However, the group of independents and smaller oil companies—and I am referring to oil company shareholders—which at December 31, 1951 owned 250,000 shares now own only 53,025 shares. This means that those shares have now a wider distribution than they had at the time when the company was first formed.

The intent of the bill is to divide the shares five for one in order to give a broader base in the way of participation by Canadians in the holding of shares of this company. This participation is considered to be good policy on the part of the company. I have tried to stress the Canadian nature of the company, the Canadian nature of their operations and the way that they are operating for the good of this country, in the way that I think a Canadian company should operate.

This bill was before parliament in 1957. At that time it was suggested that the treasury had 3,500,000 shares approximately and that this wider distribution could be effected simply by issuing those shares to present shareholders. Mr. Speaker, that procedure would not effect wider distribution in the way that this amendment will effect it. As I have pointed out, the oil companies which are guarantors of the line hold 670,000 shares, or rather 570,000 shares as of today's date. That would simply mean that the treasury stock would be turned over in relation to the present shareholders and in fact it would be watering the stock. The company prefers to do it in this way which

in effect is simply taking a $50 bill and changing it into five ten-dollar bills so that it is easier to trade. There is no watering of the stock. There is simply the chance of wider distribution of the stock. The equity that was behind each share of stock will be behind it in the proportion of one to five for each new share of stock. In addition, the company will have in their treasury unissued shares which can be used as required in the way of gaining funds for future financing.

Mr. Speaker, there is in this bill nothing of a contentious nature. In the Vancouver area alone this company, through the facilities it provides, has developed a refining industry which at the present time has increased employment in British Columbia by about 750 persons engaged in the refinery and oil transportation business. The municipality of Burnaby has benefited to a marked degree by the building of this pipe line as has the economy of Canada, because this pipe line has provided an outlet for many millions of dollars' worth of oil to the northwestern states.

As I said before, the company is ready to go before the standing committee on railways, canals and telegraph lines for the purpose of answering all questions and divulging all information which the committee may require. I would ask that hon. members pass this bill on second reading so that it may get into the committee stages.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, back on March 11 of last year, in rising to speak on a bill, as reported at page 2093 of *Hansard* of 1957, in my opening sentence I had this to say:

> —I have listened with a great deal of interest to all the debate on this bill, because it has to do with a company that is connected with the oil business and because the exact effect of the bill now before us is to ask the authority of parliament to split shares.

I can commence my remarks this afternoon with exactly the same words because we are dealing with the same bill. It is obvious that the officials of Trans Mountain Oil Pipe Line Company are very keen on having this parliament give them authority to split their shares five to one. Their interest is shown not only by the fact that this bill was introduced in 1957, at which time it failed to pass this house, but that the company has seen fit to place it before parliament again at the present time. In addition to these facts we also recognize the interest of the officials between the non-passage of the bill in 1957 and its re-introduction at this present session because those officials have endeavoured to make their position understood, if I may put it that way, to those who successfully blocked the bill in 1957. I can say that because Mr. Morrison, the president, came to see me in my office in Vancouver between sessions—in between elections, as a matter of fact—and also because the officials of the company asked to meet with our group in this House of Commons just a few days ago.

I am not making this statement in a critical way; I think it was most commendable of the officials to try to see that we have a full understanding of what they have in mind. I assure all members of this house that we not only listened with a great deal of interest to the information we were given but we asked a great many questions of the officials of the company. But we are still in some doubt as to just what is behind the proposal to split the shares five to one. This is a further reason why we have listened very carefully to the remarks of the hon. member who sponsored this bill.

I am certain that all hon. members noted the emphasis placed upon what I presume is the main intent behind the measure which is, in the words of the sponsor, a wider distribution of shares and, later on, he said that the splitting of five to one would give a broader base of share holdings. I am sure that is a commendable motive but, quite honestly, we in this group cannot tie in that motive with the declared policies of the officials of the company. A large portion of the outstanding shares are held by oil companies—I think the figure is 33 or 35 per cent—and I believe those companies are nine in number. We have been told by Trans Mountain Oil Pipe Line Company officials within the last few days that there is no intention on the part of the oil companies to dispose of their shares and therefore there can be no greater distribution or broader base, because if they intend to hang on to their shares—

Mr. Broome: May I explain that point?

Mr. Winch: If the hon. member wishes to say that I am giving wrong information, most certainly, but I do not think he does.

Mr. Broome: No.

Mr. Winch: So there is no broader base of distribution except that the oil companies will hold five times the number of shares they now have in their possession.

Mr. Broome: On the same equity.

Mr. Winch: I said they had no intention of selling but that their holdings would amount to just five times the number of shares with the same equity, that is right. There is therefore no broader base for distribution and that is my first point. Secondly, the officials told us right in this building just a few days ago that there was no intention in the foreseeable future of the issuance of further stock. That was not contemplated

If the companies are going to hold their shares and Trans Canada Oil Pipe Line Company is not going to issue any more shares, then on what basis is the passage of this bill going to give a greater distribution of shares or establish a broader base of shareholding? The position explained to us by the officials—and this was confirmed by the sponsor—is that the intent of splitting the shares is merely for the purpose I have just outlined so far as the foreseeable future is concerned.

We have been given to understand, and this was mentioned in brief by the sponsor of the bill, that in the event of the necessity of the expanding of the operations of this company it would be in a better position in connection with the issuance of shares in order to obtain additional capital if it could present to the buying public shares of smaller denomination than those presently existing. In other words, to use the same terminology as the sponsor of the bill, by changing a $50 bill to five $10 bills then on a stock-selling basis they might be able to attract more people to buy on the basis of $10 than on the basis of $50.

That sounds as though it might be a commendable idea but one question which arises in all our minds is whether there is any move contemplated or any need for the expansion of the operations of the company. I think the best way to judge that would be to make a study of the company's operations. The company started operating in 1953 and I have before me both the annual report of the company for 1957, which gives a breakdown of operations from 1953 to 1957, and also the quarterly report for the first three months of this year. What do we find in the company's own report? If we study their actual daily deliveries we find that in 1953 the figure was 21,096 barrels, in 1954 it was 39,787 barrels, in 1955 it was 83,982 barrels, in 1956 it was 129,103 barrels and in 1957 it was 154,891 barrels. The annual highest average, therefore, works out to 154,891 barrels but as the officials pointed out to us, partly because of the recession, but particularly because of the United States policy with respect to oil, there has been a decline in their operations with the result that for the first three months of this year the average daily delivery of this pipe line is 102,180 barrels. And it looks as if on this delivery they are not losing money but still making it.

The reason I read this report, Mr. Speaker, was to show their low figure in 1954, their high in 1957, their present delivery rate, which is 102,000 barrels daily, and to ask you to relate that to the dumping capacity of the company, which according to the report is 250,000 barrels a day. Now, they have never come anywhere close to this capacity and on the basis of their present operation they could carry on with their present equipment doing almost two and a quarter times the business they are doing today, and even on the basis of their high year of 1957 they would still have an additional capacity of approximately 100,000 barrels on a daily basis.

That being the situation according to the company's own figures, it seems highly improbable that in the foreseeable future they will have to go on the stock market in order to raise funds for the expansion of their delivery facilities, and the company has admitted that there is no such intention. So, on the basis outlined a few minutes ago of not issuing shares, on the basis of their facilities for increased business, we cannot see why there should be this pressure to have the House of Commons this session give the company the right to split their shares five to one.

I think that we, as public representatives, have the right to look very carefully into this situation and to ask the plain question whether or not this company, with its earnings and earning capacity, should be given this right to split its shares. Admittedly, in 1953 there was a loss in the first year of operations of $470,000, and in 1954 there was a loss of $1,256,000. But then they got into real operation and between 1955 and 1957, after all expenses, after all income tax, nearly $16 million was secured in net returns which added up in 1957 for example to net earnings per share of $5.52. Now $5.52 net earnings on what was basically a $10 share is quite a considerable return, and even on the basis of dividends paid out, which amounted to $2 a share, it was pretty good on $10. Of course, many of the shares were not purchased at $10 because of profit taking on the stock market, but even if they have not been sold on the stock market they are of that value to those who paid $10, which brings to my mind what happened with regard to Imperial Oil and other oil companies in this country.

The greatest and probably the only existing study ever made of share-splitting was made by the late Chief Justice M. A. Macdonald of British Columbia, who was appointed in 1934 as a royal commissioner to investigate the coal and petroleum industry. He filed his report in 1936, a most exhaustive report. I have a copy here and I regret that we have not time to read it into the record, because it is most interesting. One of the highlights of Mr. Justice Macdonald's findings concerned this matter of the oil companies and, in their operations, the splitting of shares in order to hide profits and in order to build up capital gains without the investment of new moneys. I will quote just one brief example of the Imperial Oil situation, and I take this directly from the report. It shows on page HH 251 a

table of the increases in authorized capital of Imperial Oil, which company, by the way, is a heavy shareholder in the Trans Mountain Oil Pipe Line Company; I believe it is one of the largest of the shareholders.

Mr. Broome: Equal with the other five major ones.

Mr. Winch: From 1880 to 1929 the capital of that company increased from $500,000, 5,000 shares of $100 each, to 32 million shares of no par value which, on the stock market, at a valuation in July of 1935, represented a value of $139,119,200. This was done, starting in 1913, by splitting shares; 150,000 into 500,000; 500,000 into 2 million; 2 million into 8 million; and 8 million into 32 million, with the result that the original share of $100 became worth $1,216 in July, 1935.

Mr. Justice Macdonald warned against the practice of splitting shares, and so, in view of what I have tried to point out from the company's own records, and in view of the history of the oil companies and of the profit derived by the method of splitting shares, we feel that the full story has not been told and that the reasons we have been given for the purport of this act cannot stand investigation.

Mr. Broome: I object to those words, Mr. Speaker.

Mr. Winch: We have come to the conclusion that our position is unchanged from the position we took in 1937 and we must again in this quarter of the house and in these circumstances oppose the House of Commons giving authority to this company to split the shares in the ratio of five to one.

Mr. Arnold Peters (Timiskaming): I sat in on the meeting the other day when the officials of the Trans Mountain Pipe Line Company consented to meet with a number of us to hear if there was any change in the attitude of the company compared with what it previously has been. I, personally, was very much interested in the fact that after they had talked for some time they informed us that this split from one share to five was not going to accomplish anything in the way of more money in the treasury. And I was particularly surprised to note that they maintained that they did not need any more money in the treasury, and that this was the only reason for this split. They have in the Trans Mountain Pipe Line Company 5,000,000 shares of no par value. Of these shares, about 1,000,000 have been issued, about 450,000 to private individuals.

If this company is interested in expansion and in raising more money for capital expenditures, then because of the value of the stock it would be a simple matter for it to raise the money by issuing some of the treasury stocks it now holds to the general public. If the company wishes to raise more money it would appear logical for it to do so in the normal business practice. It could issue the stock it now has to the general public which would make available to the company enough money with which to expand and possibly make whatever investment it feels is necessary.

In the committee we asked why the company did not sell more stock. Frankly, I was not impressed with its reasoning. Some hon. members may recall the history of this company. It came to parliament and asked to split its stock on one previous occasion. In the last application the main reason stated was that it wanted to split its stock again, not to eliminate the oil companies that are affected in the capitalization program, but because the company was distressed by the fact that the shares were rising on the market very rapidly and the profit of the company was becoming embarrassing in view of the small number of shares it had out. If this should be true it would appear that parliament is required to pass legislation to control the method of stock evaluation under which the profits can prove to be a source of embarrassment to the people who own the stock. In all fairness I must point out that when we asked the officials of the company about this matter they agreed they would also like to see legislation which would eliminate the necessity of their having to have these matters handled in this way.

I am in complete agreement that something must be done to control these companies. While their representatives pointed out that they are not similar to companies engaged in distributing gas, the situation over the years has developed to the point where federal legislation is required with respect to pipe line companies. The lack of legislation to control pipe lines is becoming more obvious to this parliament and the people of Canada every day. This applies not only to the federal field but to the provincial as well. The investigation into pipe line companies in Ontario has revealed that disastrous decimations have been made in the cabinet ranks of the legislature of that province.

Mr. Speaker: Does the hon. member not think he is going a bit far afield? After all, we are dealing with the splitting of the stock of the Trans Mountain Pipe Line Company which does not operate in Ontario. May I suggest that the hon. member relate his remarks more closely to the subject of stock splitting.

Mr. Peters: Thank you, Mr. Speaker. I was attempting to suggest that the problem with

respect to this company is being reflected in other companies. The presumption would be that it will not be too long until some of the other pipe line companies for the same reason would have to come to this parliament to seek permission to split stock. If that is the solution to the problem which appears to have developed, then I can see other companies having to do the same thing.

I feel I am safe in saying that the company did not convince us that it had a legitimate reason for splitting its stock. Without regard to the fact that money was necessary the officials of the company pointed out they would like to have $40 million in their treasury for capital investment. They also pointed out that the capital investment was not going to take place immediately, that the splitting of the stock in itself was not a method of raising money for capital expenditures. The company did not have a program which, in my opinion, would indicate that it was going to increase its subsidiary industries that resulted from the establishment of the line in the Vancouver area. I do not think, therefore, there is much justification at the present time for this novel method of disposing of the high profits the company has been enjoying.

I feel it is basic common sense to say that if a company is making so much money that it is ashamed to face the Canadian people then the parliament of Canada should not play a part in concealing the matter in this way. If the company had come to parliament with a proposal for expanding industrial development in the immediate area of Vancouver or in the lower mainland of British Columbia then there might have been some justification for its application. The company stated independently that this would not allow them any additional money for that type of development so it could not be accomplished in this manner. I feel that this company should take another look at its method of disposing of stock. I feel the Canadian people are not much interested in seeing companies do this sort of thing. If the company issued the stock it has in its treasury for use in capital expenditures it would assist the Canadian economy but it is seeking only to split its stock in this fashion.

I wish to express my appreciation of the opportunity afforded me of meeting the officials of this company. With only a small investment this has become a large, economical company. These gentlemen came to Ottawa and by using a great deal of tact and finesse they pointed out, to me at least, the new trend that must be taking place in big business in terms of stock promotion and business operations. It is indeed a contrast with what occurs in the mining industry; in fact, it could be described as being completely the reverse of what occurs there. In the mining industry instead of ending up with five shares for every one you find that you end up with one share for every five that you held and you are lucky if this does not happen several times a year. This appears to be stock splitting that is completely the reverse of the kind of stock splitting to which I am normally accustomed.

The mining industry, which has been splitting stocks for many years, in reverse, should take a look at the situation and in particular at the tactics these gentlemen use. It has been normal in the mining industry to tell my friends and me, yes, and other parliamentarians, this is the way it is going to be done, you can take it or you can leave it, and sometimes they have even offered some stock in the deal, but this appears—

An hon. Member: How do you know?

Mr. Peters: I do not know it from first-hand knowledge because I have never had enough money to buy stock. Normally, stock-splitting involves something like this. Every time you buy one share of stock you end up with five or six for one. If this did not happen every time they came to parliament with a matter of this kind probably we would be more interested in buying stock.

An hon. Member: Have you ever bought any stock?

Mr. Peters: I never have enough money to buy any stock.

Mr. Frank Howard (Skeena): Mr. Speaker, I hesitated in rising because I thought the hon. member for Calgary South (Mr. Smith) was going to participate in this debate. I did, as did I am sure the hon. member who introduced this bill, look up past issues of *Hansard* in an attempt to familiarize myself with the background of a similar bill which was introduced in 1957. I noticed that at that time the then member for Victoria, Mr. Fairey, introduced the bill. In his introductory remarks, or in his remarks on second reading, he was very short. In fact, he said at that time that it was a simple bill and did not require too much expansion and he hoped that the bill would pass. Perhaps that was one of the reasons why he got into difficulty with the passage of it.

I would like to extend my congratulatory remarks to the hon. member for Vancouver South (Mr. Broome), and not the least for expanding his remarks much farther than did his predecessor in introducing the bill. Even though he was more expansive and made more references to the structure of the company and its relationship with its employees, nevertheless I do not think he covered

adequately all of the ground or came anywhere near answering the objections which were raised when this bill was before parliament in 1957. In my opinion the questions which were raised at that time are still valid questions and still require answers.

I wonder, too, why this particular company, if this is the approach that they use—

Mr. Smith (Calgary South): May I ask a question? Is this part of the speech of the hon. member for Burnaby-Coquitlam (Mr. Regier) of last year or of Mr. Cameron's.

Mr. Howard: I did not catch the question.

Mr. Smith (Calgary South): Is this part of Mr. Cameron's or of the hon. member for Burnaby-Coquitlam's speech of last June?

An hon. Member: Mr. Cameron's.

Mr. Howard: I must admit we do have excellent taste. If this is the approach that Trans Mountain uses, I wonder why the company did not approach one of the members representing the Burnaby constituencies. I can well appreciate why they did not approach the hon. member for Burnaby-Coquitlam (Mr. Regier) and ask him to introduce and support the bill, but I wonder why they had to go so far afield as Vancouver South to find someone to support and introduce this particular bill.

Mr. Broome: This is obviously part of the speech of the hon. member for Burnaby-Coquitlam, which he made last year.

Mr. Howard: It may be as my hon. friend says.

Mr. Winch: Why does the hon. member not ask me if I make my own speeches?

Mr. Howard: In any event, Mr. Speaker, with respect to the comments made by hon. members opposite, when I opened my remarks I said the hon. member for Vancouver South did not come anywhere near answering the questions which were raised during the debate on this bill a year ago, and did not come anywhere near dealing with the objections which were raised at that time. Inasmuch as the subject matter of the bill is the same, and inasmuch as it was given a most exhaustive debate and study a year ago, where else would one go than to the past records of *Hansard* to see what the problem is all about. Actually, in reading those references in *Hansard*, just as we do in other research work in attempting to deal with other problems, we must deal with points that were dealt with in the speeches and debates of the past.

Mr. Argue: The Tories should do their homework, too.

Mr. Howard: If the remarks that I am making now and the remarks that I intend to make about this bill in the future are similar to remarks made by hon. members of this house in previous debates, or by present hon. members, well, it is only natural that they should be so.

In the operation of pipe lines, whether they be gas or oil, the hon. member for Vancouver South attempted to differentiate between the two and to say that the promoters, owners and operators of oil pipe lines were lily white pure compared with the buccaneers and pirates interested in the operation of gas pipe lines. Be that as it may, we have seen over the years that both oil pipe lines and gas pipe lines, in the operation of the oil and gas industry, have done nothing but enrich the pockets of a number of promoters. It has been a most lucrative industry—the gas pipe lines and the oil pipe lines—both here in Canada and in the United States.

Mr. Broome: Will the hon. member permit a question? Is he not aware that not one cent was made in promotion fees in the promotion of the Trans Mountain Oil Pipe Line Company? In reading the prospectus I tried to point out that every cent raised went into the treasury of the company and was used for the development of the company.

Mr. Howard: What was the question?

Some hon. Members: Six o'clock.

BUSINESS OF THE HOUSE

Mr. Winch: May we ask about the business for next week?

Mr. Badanai: What is the business for Monday?

Mr. Green: On Monday, Mr. Speaker, we intend to take a supply motion. If we get into supply we shall go on with trade and commerce.

Mr. Argue: May I ask the Minister of Public Works whether he does not feel that, according to the rule book of this house, it would be more appropriate to take a private member's motion, which would be just a second day for private members' bills, rather than one supply motion following another?

Mr. Green: No, Mr. Speaker; I think it is more important under existing conditions to have a supply motion.

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

Question

ANSWER TO QUESTION

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

HIGHWAY BRIDGES—FEDERAL RESPONSIBILITY

Question No. 128—**Mr. McWilliam:**

Does the federal government assume responsibility in whole, or in part, for the construction of highway bridges solely within provincial boundaries, other than trans-Canada highway bridges?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

Yes, in special circumstances where there is a federal responsibility.

HOUSE OF COMMONS

Monday, July 14, 1958

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

FRIDAY EVENING AND SATURDAY SITTINGS ON AND AFTER JULY 18

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That on Friday, July 18, 1958, and on every Friday and Saturday thereafter until the end of this session, the hours of sitting shall be as follows:

Fridays
11:00 a.m. to 1:00 p.m., and
2:30 p.m. to 6:00 p.m., and
8:00 p.m. to 10:00 p.m.;

Saturdays
11:00 a.m. to 1:00 p.m., and
2:30 p.m. to 6:00 p.m.;

That the order of business and procedure on Saturdays shall be as for Thursday (government day); and that the provisions of standing orders 2(1) and 6(3) be suspended in relation thereto.

Mr. Argue: Mr. Speaker, I wonder if the Prime Minister is going to make a statement in introducing his motion?

Mr. Diefenbaker: Mr. Speaker, the statement I intend to make will be quite short. I know from long personal experience that the lengthening of the sittings to a six-day week makes it a trying experience for all members of the house, and I did realize that situation when I introduced this motion. Each year, however, it becomes necessary, as we begin to arrive at a point when we can look forward with some hope to the end of the session, to introduce a motion similar to this.

I think I should say a word or two with regard to the industry and the application of members generally in the discharge of their responsibilities as members of this house. Like the weather, the shortcomings of politicians provide a never-ending subject for discussion, and we receive selective treatment from time to time in that many feel there is not that degree of application which there should be with respect to the responsibilities of our official positions. With that viewpoint I entirely disagree. I know there are exceptions to every rule, but I know of no other group of public servants or people generally who more diligently and honestly devote themselves to the discharge of the work that is theirs in the interests of the public welfare. In saying this I believe, however difficult and trying it is for those who devote themselves with earnest application to the problems which come before the house and in committees, that the time has now come to make this motion.

The legislative program as forecast in the speech from the throne has not been entirely carried out. In addition to those matters which are already on the order paper there are a number of matters which are in process of being made ready for placement on the order paper. There are therefore quite a number of matters which still require to be considered. I would be the last to in any way endeavour to unduly activate members into getting on with the business, but I feel that the committees to which assignments of estimates have been made should make a special effort to report on their examination of such estimates at the earliest possible date, so those estimates may receive the further consideration of the committee of the whole house.

It has been suggested by a number that it might be a good idea to adjourn until the fall. I feel that generally speaking hon. members would like to see the business concluded before adjournment. That is the objective and the purpose of the government and, I trust, of members in general. The matters that are still to come up are of singular importance, but I feel that with the extension of the hours of sitting of the house to the degree set out in the motion, a first step will have been taken to ensure the completion of the agenda with the greatest dispatch without—and I emphasize this—in any way doing anything that will savour of pressure being applied to bring about an early end to the session.

I do believe that if this motion is passed—and I commend it to all members in all parts of the house—it will be the first step along the road to the termination of the session after the completion of the business in hand.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we of the official opposition do not intend to oppose this motion, which in its terms does not go quite as far as some of us had been led to believe it might.

We are as anxious—perhaps not as anxious as the members of the government with the additional responsibilities they have to bear—but we are as anxious as other hon. members of the house to conclude the business of the session with the least possible delay. It is true, of course, that with the number of committees now sitting, together with the work that has to be done in the house itself, a very considerable burden is imposed on all members of the house and particularly on members of the opposition groups, but I should

like to reassure the leader of the house that we are not complaining about that.

One way in which the business of the house could be facilitated and, I think, expedited, would be to have it more effectively organized in advance so that we might know in advance what we are going to deal with. I recall, and I am sure hon. gentlemen opposite recall, the words of the former leader of the Conservative party when he sat on this side of the house as leader of the opposition, when he was accustomed to reproach the government in season and out of season, two or three times a week, because, he said, we had not organized our work properly. I commend his words to hon. gentlemen opposite at this time. If they would give us a little more advance notice of what is coming up perhaps we would be able to play an even more effective part than we do now toward expediting and facilitating the work of the House of Commons.

Mr. Hazen Argue (Assiniboia): We in this group intend to oppose the motion, because we feel that we have not yet begun to arrive at a point when, as the Prime Minister said, we can look toward the end of the session.

I think the job of members of parliament is to come here and to arrange the business of the house and perform their duties in such a way as to give each item the consideration that it warrants. I feel that this being the first full session of parliament since 1956, the time has not arrived when we should endeavour to speed up the session as is contemplated by this motion.

I have examined the motions that have been presented in sessions gone by which provided for an extension of the hours of sitting of this house, and I believe I am correct when I say that since the end of the war—and that is as far back as I have gone—such a motion has never been brought in during any full session of the house at as early a date as that at which the present motion is being put forward.

In 1946 almost five months of the session had gone by before a motion was brought in to extend the hours of sitting. In 1947 over five months had elapsed before such action was taken. In 1948 over seven months had gone by before such a motion was brought in. The present session is barely two months old, yet a motion to extend the hours of sitting has already been presented. In 1951 the session was almost five months old before a similar motion was presented. In 1952 four months had elapsed, in 1954 seven months had elapsed, in 1955 six months had elapsed, and in 1956 approximately six and a half months had elapsed before the motion extending the hours of sitting was brought down.

As a matter of fact I think we are a long way from the point where we can really say we see the end of the session as far as business being dealt with by the house is concerned. Almost all the estimates have still to be brought before the house. Only the estimates of the Department of Public Works have been dealt with at any length, and I do not believe that consideration of even that department's estimates is yet completed. As far as the work outlined in the speech from the throne is concerned we have barely scratched the surface. Among other things the throne speech referred to a bill of rights. I do not know if the government intends to go forward with its bill of rights, but that certainly has not been brought before us.

The throne speech forecast further amendments to the Unemployment Insurance Act to be introduced at a later stage of the session. Such items as the construction of a railway to Great Slave lake, the provision of roads for development in the Yukon and Northwest Territories, the South Saskatchewan river project and the proposal respecting the establishment of a new agency to regulate broadcasting in Canada and to ensure that the Canadian Broadcasting Corporation and privately owned broadcasting stations work effectively together have not been introduced. The new National Capital Act, the act to provide for cash advances, amendments to the Prairie Farm Assistance Act, the Canadian Farm Loan Act, the Ticket of Leave Act and a number of other pieces of legislation forecast in the speech from the throne and to which I have not referred in detail have not been brought before us.

There are a great many committees of the house now sitting. Today a meeting has been called of the committee on railways, air lines and shipping to sit at 9.30 a.m., 3.30 p.m. and 8.00 p.m. A meeting of the committee on mines, forests and waters has been called for 10.30 a.m. The estimates committee is meeting at 11.00 a.m. At the very time when hon. members of this house are exceedingly busy with a great many committees that are meeting we have brought before us a motion of this kind, and still the estimates must be dealt with during this session.

I am quite prepared to work as many hours as I am able to during a given week, and I believe that is true as far as all hon. members are concerned; but I also feel that we should be given a chance to work as efficiently and effectively as possible. It would seem to me as far as the deliberations of the house and meetings of committees are concerned that five full days, starting in the morning and going through to evening sessions on Monday, Tuesday and Thursday, makes a very full week.

As far as week ends are concerned, as far as Friday evening and Saturday are concerned, most hon. members spend that part of their time in preparing and briefing themselves for the work of the week ahead.

I do not think hon. members can give the estimates proper scrutiny, I do not think they can deal with legislation as carefully as it should be dealt with, if they are to be put under the kind of pressure that comes from sitting six days and four evenings a week, along with morning sittings of a great many committees of this house.

I do not understand the government putting this kind of pressure on members of the House of Commons so early in the session. Because not since 1956 have we had a full session of parliament, I think this kind of motion should have been delayed until the session had been going on for four or five months, as was the case when other similar motions have been presented during similar sessions in the past.

For many years members of parliament were paid a sessional indemnity. At that time it was assumed that a session would be short. For a short period of time members would leave their normal occupations, come to Ottawa and deal with public business. But after sessions had become much longer the whole basis of pay of members of parliament was changed. We all agreed that it was an improvement. Today members of parliament are paid each and every month of the year. I believe that step was taken to pay members on a yearly basis because it was recognized that being a member of the House of Commons is really no longer a part time job; it is a full time job, and it is the kind of job that takes between five and six and close to seven months of the year in Ottawa during a session properly to discharge the work that is put before the House of Commons.

We are opposed to this motion, Mr. Speaker, as I said, not because we expect it will mean any more work for our group—I do not see how it could—but because we feel that members of parliament generally are now working to maximum capacity, and it is the kind of pressure that makes it impossible for members to do the work of the house as they should. If after another week or two the government should bring in another motion to extend further the sittings of this house it would make a mockery of parliament itself, because how is it possible for members to do the work on committees and carry on the sittings of the house on an extended basis and still be able to say in good conscience that the work has been dispatched carefully and with consideration?

The government, along with the Leader of the Opposition, should be doing a better job of planning the work of the session itself. When this motion is dealt with and after the orders of the day are called we shall be considering a fifth supply motion. The rules in the rule book provide for six supply motions during the session. When a few years ago the number of supply motions was limited to six, it was then understood that those supply motions would be brought in periodically so that periodically throughout the session members would have the right to raise grievances before supply was granted. There will only be one further supply motion left after the one set for today has been dealt with. The whole purpose of supply motions has been abrogated and sidestepped. The rights of members to raise grievances before going into supply will be removed. That is one way in which planning has not been adequate or even within the spirit of the rules.

The rules also provide for six private members' Mondays. If we are in sight of the end of the session, as the Prime Minister says, I wonder whether it is the intention or hope that the session will end some time before all private members' Mondays have been called and that by cramming the session into a short period of time private members' days will not be proceeded with. I for one believe that these rules were placed in the rule book only after careful consideration, and I believe they should be complied with in spirit as well as in letter.

It would seem to me that the government is showing undue haste by presenting this motion for extended sittings now, by speeding up the calling of supply motions and by leaving the whole question of private members' days very much up in the air. Because we believe in a more careful and diligent study of public business, Mr. Speaker, we in this group intend to oppose the motion.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in looking up the discussions that have taken place from time to time when motions such as this have been brought forward by the government of the day I find it has been the usual practice for the prime minister to give a detailed statement of the legislation expected from then until the end of the session. I note particularly that the Prime Minister, in his former capacity as leader of the opposition, did ask similar questions from time to time of the then prime minister.

Before the motion is put on this occasion, I wonder whether the Prime Minister would not give the house some indication of what legislation is likely to be introduced from now until the end of the session. There is no way of stating at this time how long the

session is likely to last, but in view of this motion this is the beginning of the end, I think the house is entitled and will want to know what is in the mind of the government with reference to future legislation.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the Prime Minister is arranging to get the details to reply to the question asked by the hon. member for Laurier. I intend to take but a few moments on the motion to deal with some of the points raised by the hon. member for Assiniboia. The weakness of his argument is apparent when he says that this is the type of session which should last for six or seven months. That would mean until November or December. I suggest that any such plan would be not only unwise but also unreasonable.

Let us turn our minds back to what has happened within the last 18 months. A session was held in the spring of 1957 when the former government was still in office, and a portion of the business for 1957 was completed at that time. I believe the whole 10 days were allowed for the debate on the speech from the throne. Other time was allowed for supply motions and a certain amount of time for private members' days. I do not remember the exact number of days, but all the preliminary work involved in a regular six-month session was done at that time.

Then there was the election in June and the new parliament met in October. At that time again there was a 10-day debate on the speech from the throne. We had a certain number of supply motions. We had a number of private members' days. Mind you, Mr. Speaker, this provision for six two-day supply motions and for six Mondays plus two Thursdays for private members was designed for an ordinary session of the duration of six or seven months. But we have not been in that position at all, and we are not in that position today.

The house met again on May 12, and for the third time within 15 or 16 months there was a 10-day debate on the throne speech. There have been four debates on supply motions during this present session and on only one of those was it possible to reach any agreement that the time would be shortened from two days to one.

This impossibility of arriving at an agreement on any short-cuts is the responsibility of members of the C.C.F. Today we would have been debating external affairs had the government and the official opposition been able to carry out what they wished to do, but the eight members of the C.C.F. in the corner would not agree. They would not agree to waive one of the private members' Mondays in order that we could discuss external affairs.

Mr. Martin (Timmins): Mr. Speaker—

Some hon. Members: Sit down.

Mr. Martin (Timmins): Will the minister permit a question?

Mr. Green: Yes.

Mr. Martin (Timmins): Will the minister inform the house how often the Conservative opposition used to pass up the privileges of the opposition when they sat on the other side of the house?

Mr. Green: Mr. Speaker, on many occasions we made arrangements with the government on what seemed to be a reasonable basis, just as the official opposition have been willing to do with us in this session. Here we have the situation that eight members are insisting on having far more time than that to which their numbers would entitle them, and are being absolutely unfair to the other 257 members in the house. It really amounts to obstructionist tactics.

Mr. Argue: Not according to Beauchesne.

Mr. Green: Here we have the proposal made today that this session should go on for six or seven months. I believe the vast majority of members of this House of Commons believe that their duties as members are not confined to being in Ottawa for 12 months of the year. They have an equal responsibility to be out in their constituencies meeting the people they represent and finding out what are the problems which face their people.

This procedure would be absolutely impossible if the plan put forward today by the leader of the C.C.F. were followed. This house would continue in session. There would be no adjournment for the summertime. He did not provide for any adjournment; oh, no, he said six or seven months. That takes us right into December. Then the government has the duty of calling a 1959 session probably in January, and certainly not later than early February, in order that next year's business may be done. Incidentally I may say that we hope to be able then to get the business of parliament back on the regular basis whereby work would be finished within a period of six or seven months, all the provisions for full supply motions and private members' days could be carried out and the business of the house completed in the ordinary manner.

Mr. Speaker, I have never yet known it to be possible to conclude the business of this

house without sitting extra hours. That certainly was the case when we were in opposition. We did not like having to sit extra hours any more than the hon. member for Assiniboia likes it, but how many hours has the house been sitting thus far? It has been sitting 25½ hours a week. Nobody is being overworked by sitting for those hours. This proposal which the government brings forward today is to add 7½ hours, so that even if the motion is carried we will be sitting only 33 hours a week, certainly nothing about which there should be a great deal of moaning and groaning.

Mr. Winch: How about the rest of the work?

Mr. Green: I am coming to that matter.

Mr. McIlraith: Would the minister permit a question there?

Mr. Green: Yes.

Mr. McIlraith: I am sure the minister did not intend to leave the impression that members work only the number of hours indicated by him as the sitting hours of the house.

Mr. Green: If hon. members will read this motion carefully they will find that we have not interfered in any way with the work of committees. We have not touched any time when committees have been sitting. The only time we are taking is Friday evening and Saturday, so there is not the slightest interference.

Mr. McIlraith: I think I did not make my question clear.

Mr. Green: Oh, yes.

Mr. McIlraith: I gathered the impression that the minister was inadvertently doing something he did not intend to do, namely that he was creating the impression that the members work only the number of hours during which the house is in session. I am quite sure that was not his intention.

Mr. Green: I have been here a long time and I know, just as well as everybody else, that some members work hard and some members do not. That is the way things will be no matter whether we sit 24 hours a day seven days a week or whether we sit one day in seven. It is largely a matter of the conscience of the members. Some will work and some will not. This statement applies to all parties. No party has a corner or a monopoly on the workers or on the people who do not believe in working quite so hard.

Mr. Winch: So you give favours to those who do not work.

Mr. Green: If the motion should be carried and the house should sit Friday evenings and Saturdays, that time, in so far as it is possible, will be devoted to considering estimates. Until 1955 we always sat Friday evening, we always considered estimates and we always made good progress.

Some hon. Members: Oh, oh.

Mr. Green: I mean the former government made good progress.

Mr. Pickersgill: The minister's memory is failing him.

Mr. Green: This rule was changed because the majority of the members of the House of Commons lived within a short distance of Ottawa and they wanted to go home for the week ends. Let us have no misunderstanding about that matter. I do not blame them. I would probably be the same if I lived near Ottawa. The rule was changed so that we sat from 11 o'clock to one o'clock on Friday morning, thereby taking away one day for committee sittings, and we did not sit on Friday evening. As a result members from the far west and those from the far east had to sit around here all week end, unable to do any business, because the majority of the members wished to go home.

The result, of course, was that the sessions lasted that much longer and the arrangement was unfair to those who lived a long way from Ottawa.

The government today is only asking members to sit to consider estimates on Friday nights and Saturdays; nobody is going to be hurt. If a lot of members want to go away for the week end, let them go; but I do not believe very many will do so. I believe that the sense of responsibility among the members of this house is so great that a comparatively small number would not be here to do the business of the house on Friday nights and on Saturdays in the same way they would be here on any other week day. We are not infringing on the rights of parliament. We have great respect for the rights of parliament. We have experienced in the flesh what it means to have those rights interfered with.

Mr. Pickersgill: This is the conciliatory approach needed to get the business through quickly.

Mr. Green: This proposal brought forward by the government today is, I submit, a reasonable one, which I hope will be supported by the majority of the members of the house.

Business of the House

Mr. D. M. Fisher (Port Arthur): The Prime Minister in his introductory remarks was kind enough to say some good words about members of parliament as a group. When I heard this buttering-up, Mr. Speaker, I knew the blow was going to fall later on but I would like to do a little buttering-up myself in relation to the performance of Conservative members.

This is a new House of Commons and we have a tremendous number of new members who are receiving their initiation. There are a great many committees now meeting. One of the epithets which the Prime Minister hurled at the Liberals a few years ago was they were a collection of trained seals; in fact, I believe this term acquired the dignity of no longer being considered unparliamentary. I think with respect to the untrained seals we have at the present time, we have pretty good evidence that the performance of Conservative backbenchers both in the house and with respect to their fairly active part in committees is an improvement upon the performance of the Liberal backbenchers when the Liberals were in office.

This indicates that there has been a real interest on the part of Conservative backbenchers during this session, and I would suggest that those members are going to suffer just as much as are the members of the smaller opposition groups by the introduction of these extended hours.

I would like to raise another point, which I think is important, and that is that in my opinion the members from the far west and far east of Canada have been carrying the burden and will be doing so even more under these new hours of sitting. The Minister of Public Works can say that the members from these areas do not like to lie around here on the week ends doing nothing, but from my own observations of these members they have been the ones who to a great extent have carried the load in this House of Commons, especially on Fridays and Mondays. They look forward to a break at the week end as much as anyone else in order to do their office work, and it is always remarkable to me to find so many western and eastern members around the house on Saturdays and Sundays catching up on their work and their studying. I would say that the present motion would make their difficulties even greater.

I am particularly interested in the official opposition's attitude toward this motion. This seems to stem from the fact that in recent months there has been a good deal of castigation with respect to the Liberals by the press. They have been criticized for their poor attendance during the last session and previous sessions. This is the only explanation of which I can think for the stand announced by the Leader of the Opposition.

I would like to point out that the factors which make us object to this measure—which make us obstructionists, if you will—should be just as important to the official opposition, because it is much easier for the members on the government benches to carry on the work in committees than it is for opposition members. It has been particularly difficult for members of this group to cover all the committee work. I think the Liberals' conduct with respect to this particular motion, in consenting to go along with it rather than vote against it, can only be explained by the fact that their consciences must be bothering them and they are afraid of a renewal of comments in the press on their performance in parliament during the recent past and the amount of work carried out by them.

We have just had two election campaigns and recently a high pressure session. These provide further reasons for taking a fairly slow pace at the present time, in my opinion, because I can think of nothing more exhausting for members of parliament than election campaigns. Why increase the pressure now by means of extra hours at the end of the week?

In closing my remarks I would like to refer to some remarks of Hon. George Drew when he was a member of the opposition in this house with respect to this particular point. The Minister of Finance discovered last year, when he mentioned to the house the tremendous number of hours he was working, that he got scant sympathy from the house and from the country. We get very little sympathy by telling people how hard we work. I do not want to express either personally or on behalf of this group or on behalf of members of the house any similar complaint, but these are the words of Mr. Drew which I would like to leave with hon. members for their consideration. On January 2, 1955, as quoted at page 4344 of *Hansard*, Mr. Drew said on a motion to extend the hours of the house the following:

> I do not think it is in the interests of parliament to convey to the public the idea that we are prepared to accept hours which will deny appropriate attention to public business merely in an effort to get out of here by the end of June.

If I might interject, it seems that this is what the Minister of Public Works implies; that we could not possibly stay here until the end of November or December but that we must get out of here as quickly as possible.

> If the public business demands that we stay longer, let us stay longer.

And this is the point I wanted to emphasize:

> Let us make sure, however, that we follow a course that is within both the physical and mental capacity of hon. members, having regard to the

immense amount of work still before us. Let us also be sure that we do not disregard the impression that would be conveyed by a very sparse attendance while billions of dollars of public funds are being voted.

Mr. M. W. Martin (Timmins): Mr. Speaker, the Prime Minister has built quite a reputation over the past couple of years as the champion of the rights of parliament. In fact I believe he has built up for himself the reputation of being the very symbol of the rights of parliament in this country. We therefore find it very difficult to reconcile that picture with the motion now before us. He has for long maintained that the most important thing in parliament is that the opposition should have the opportunity and privilege of functioning properly, in fact that parliament must always be ensured of such an opportunity.

While on this side of the house the Prime Minister on many occasions pointed out that the proper functioning of parliament depended just as much upon Her Majesty's loyal opposition as it did on the government itself, if not more. The Minister of Trade and Commerce, though he did hedge round the question as to just how many times the Conservative opposition passed up their rights, would find, if he took the trouble to look through *Hansard*, that it is not very often that members of the Conservative party when they sat on this side of the house left any stone unturned to ensure that their opposition was a vigorous one and was going to do a job. Actually the duty of the opposition is not only a privilege; it is a duty. The opposition is duty bound, by the form of government we have, to study, examine and criticize proposed legislation and to suggest any alternatives to government legislation which is introduced in the house.

We have at the present time the smallest opposition we have ever had and certainly this is a time, if ever there was a time, when the privileges of the opposition should be protected with great care. I have noticed several occasions during this very session when this house has been divided on a question and when there were more than enough government members missing on a vote to have outvoted the combined opposition if we were all present. And this is only in the short period during which we have been sitting so far. What will happen from now on if we are going to have to sit Friday nights and Saturdays is anyone's guess, but the fact remains that half or three-quarters of those on the government's side can take their week ends off, but not so the members of the opposition. If we are going to do the job which it is within our power to do and which we are in duty bound to do, we are going to have to attend in the future, as we have attended in the past.

As was pointed out by the hon. member for Assiniboia, this is the earliest time in any session on record, I believe, that such a motion has been introduced into the house. I wonder if it is only pure coincidence that the earliest record of such a motion coincides with the greatest government majority that has ever been seen in the parliament of Canada. We feel there is no need of this motion at the present time. There may be need of it in the future, and if a time comes when it is needed, that will be another matter. But we feel that at the present time it constitutes an imposition on the opposition which they are physically incapable of meeting. I note that at the present time we have to try to go 30 hours a day in order to try to get 24 hours in, and with this in mind, seconded by the hon. member for Timiskaming (Mr. Peters), I should like to move the following motion:

That the resolution be amended by eliminating the words "and Saturday", and by eliminating all the words after "10.00 p.m." up to and including the words "Thursday (government day); and", and also by eliminating the words "2(1) and".

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the purpose of this amendment is to alter the motion by eliminating the provision for Saturday sittings. I listened to the Minister of Public Works with great interest, and I was somewhat dismayed at the attitude he seemed to take. I can remember the Minister of Public Works of old when he fought very tenaciously to protect every right enjoyed by hon. members under the rules. This attitude seems to have changed and, speaking in the house today, and referring to the 10 days taken in discussing the speech from the throne in 1946, 1956 and 1957 and in the session earlier this year, he said that 10 days were allowed, as though the government were in charge of the time provided for discussion of the speech from the throne. The minister went on to say that he had found in talking with the C.C.F. that there was no possibility of arriving at a short-cut. I do not think it is our job to arrive at short-cuts. I do not think that is the duty we have in this house. And the minister said, after we had failed to agree with the requests which would remove on a temporary basis our rights as provided under the rules, that members of the C.C.F. group wanted more time than our numbers entitled us to have.

Some hon. Members: Isn't that true?

Mr. Argue: The rule book of this house applies to every hon. member with equal effect, and all we have been asking the government to do—

Mr. Cardiff: Do you feel that all members of this house are not getting an equal opportunity?

Business of the House

Mr. Argue: All members of this house have an equal opportunity until the government starts using its majority and cracking the whip in order to take away those rights. As a matter of fact, in asking that private members' Mondays be maintained members of this group are asking that the rights of the Conservative backbenchers, who have most of the motions, should be protected.

An hon. Member: We will look after ourselves.

Mr. Argue: We have rights under the rules, as have all members of this house, and I do not feel that the Minister of Public Works should talk about hon. members being allowed 10 days for the debate on the address.

Mr. Green: May I ask the hon. member a question? Surely he realizes that in making a statement of that kind he is being very unfair. All I pointed out was that there have been three debates on the address within the last 18 months, each involving 10 days—allowed by the rules.

Mr. Argue: All right, we have got it amended now, it is allowed by the rules. But in each case where there was a debate on the address there was a different government in power. Since when does a debate on the address during one session have any bearing at all on the number of days used in a debate on the speech from the throne in another session? The Minister of Public Works (Mr. Green) contends that because in the last couple of years there have been three debates of this kind, that constitutes something of a background statement which would entitle the government to consider that this session is something of an extraordinary session. I repeat the statement I made earlier that this is a regular session of parliament, that we have before us the whole of the estimates, and that, as the first session in a new parliament, it should be the attitude of the government to co-operate in every way possible to allow full discussion and to allow the full time provided under the rules for both private members' Mondays and for motions on going into supply, and with regard to all the other rights of the House of Commons. I can tell the Minister of Public Works that we intend to resist at every stage—certainly during what we consider to be the early part of the session—any move that would make it more difficult for hon. members to accomplish all their duties.

We do not agree that this is an extraordinary type of session, that it should be a short session or one which should be wrapped up quickly, nor do we agree that only two months after the session has started this kind of move for the extension of sittings should be brought in. We say that the rule book is clear on the subject. It provides for a certain number of supply motions, a certain number of private members' Mondays and certain hours of sitting of this house. On the basis of the practice in the past we believe that the provisions in the rule book are such that they should be upheld and changes should not be forced on the house at this very early stage.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising to say that we do not feel we can support the amendment moved by the hon. member for Timmins (Mr. Martin). The hon. member for Port Arthur (Mr. Fisher) expressed certain surprise that the official opposition did not take the same line he was taking in his speech. I suggest that perhaps the reason the official opposition did not take the same line as the hon. member for Port Arthur is that the official opposition has had the experience and the responsibility of carrying on the government of this country and expects to have it again, and that one's attitude to the deliberations of this house and to the work of parliament is unquestionably affected by considerations of that kind.

If the Prime Minister (Mr. Diefenbaker) had carried out the intention that we understood the government originally had to take away the time in the mornings on ordinary sitting days and thereby interfere with the deliberations of committees—and I think with my leader that there are too many committees trying to sit at once at the present time for the efficient operation of parliament—we would have joined with our friends to my right and to your left, Mr. Speaker, in resisting this motion but I do not think they have made out a case for refusing to sit on Saturdays.

I agree with the leader of the house—and this is about the only respect in which I do agree with what he said—that we should spend some time in our constituencies if we hope to represent our constituents properly in this parliament. I feel that if by sitting on Saturdays we can dispose of some of the estimates of some of the departments we are justified in doing this. But I do not feel it is any reflection on parliament if every one of the 265 members is not present when the estimates of each of the departments—for instance, the Department of Fisheries—are being considered. I simply give that as an illustration and I consider that as important a department of government as there is.

If we are going to do our duty in this parliament that does not mean all of us have to be in our places in committee of supply when the estimates of every department are

under consideration. There has to be some division of labour, and I use the term in the classical sense. It seems to me perfectly proper for the house to sit on Saturdays, at this stage of the session, in order to consider estimates. I would hope that the government would not attempt to do anything else but take up estimates on Saturdays, because to attempt to proceed with legislation on Saturdays would be an abuse of what the government is asking us to do. For the purpose of taking up the estimates it does not seem to me that a case has been made against the proposal of the government.

I must say there was one other thing with which I agree in what the leader of the house said and that was his indirect and implicit commendation of the way in which Mr. St. Laurent and Mr. Harris conducted the business of this house when they had charge of the leadership of the house. If the hon. member will look at the comments he made regarding the first session of 1957 he will see that he paid them a high compliment, but I am afraid I cannot reciprocate. It seems to me that the leader of the house is still, in spirit, on this side of the house. He is far too provocative. He does everything possible to obstruct the business of the government. As a very young member to a very old member I would suggest to him that he try to get through his head that he has won two elections and that he now sits on the government side of the house and is the leader of the house and therefore he should attempt to be conciliatory if he wants to get the arrangements of the house made in a fashion to expedite business—

Mr. Green: Mr. Speaker—

Mr. Pickersgill: I have the floor, sir.

Mr. Green: Mr. Speaker, may I ask the hon. member a question? Does he mean I should give him some of the public works projects he listed recently?

Mr. Pickersgill: Well, sir, my mind does not move in the same way in which the hon. gentleman's mind moves. I was merely talking about the arrangements of the business of the house. I would not feel that there need to be any mixing up of the consideration of the matters before the house and the business of the house. It does seem to me we would be a lot better off in this house if we had a little more conciliation, a trifle more planning and order and somewhat more forethought about the arrangements of business for the house than has been the case. I say again—somewhat reluctantly because while I admit I am new in opposition I would like to oppose the government—it does seem to me that, on this particular occasion, there is sound justification for asking the house to sit on Saturdays.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Winch: Mr. Speaker, I too, would like to be able to return to my constituency. I too, would like the opportunity of seeing my wife, my three children and my five grandchildren. I stood as a candidate for election as a member of the House of Commons of Canada to deal with policies, revenue, expenditure and law. I rather anticipate, if I know my constituents at all—and I think I do—that those who sent me down here expect me, when I rise to my feet in this house or when I speak in committees, to have some knowledge of what is before the committee or before the house for discussion.

Mr. Pallett: You had better get to work, then.

Mr. Winch: It has already been pointed out by the Minister of Public Works (Mr. Green) the number of hours the House of Commons sits. Although it has not been elaborated upon it has also been indicated that many hon. members of the house spend a considerable length of time each week attending committee meetings, too. It is possible, of course, to speak on issues that are before the house or committees without research, study or consideration but that is not the practice of hon. members in this group nor will it ever be. In addition, and especially if you happen to be like many of us, hon. members representing constituencies 3,000 miles from Ottawa, there is a great deal of correspondence all of which must be dealt with. Also, there is a great deal of research that must be undertaken when the government brings in a bill or a motion. As far as we in this group are concerned, we want to study the proposals, analyse them, do research on them and come prepared either to the House of Commons or to one of the committees knowing what we are talking about. I think we have a pretty darn good record in that regard, too. However, all of this requires time.

I know that this past week end the work, memoranda, correspondence and reports were so piled up in my office that I got up at five o'clock on Saturday morning in order to clear my desk.

Some hon. Members: Oh, oh.

Mr. Winch: I know that many of you were at home but in order to catch up with my work I had to get up very early and work very late.

I think it is only reasonable and logical, as was pointed out by a member of the official opposition a few moments ago, to say that there is a great deal of work to be done outside of the House of Commons, if we are to accept our responsibility, but we have not the time to do it. There is a limit to what members can do; but even beyond that there is something that should never be forgotten by an elected member and that is this. We are making laws, changing laws or rescinding laws. Because we deal with questions that mean so much in the way of taxation and the expenditure of money—and do not forget it is going to be around $6 billion this year—we should be in a position where we can do that work not only expeditiously but efficiently and with cool, calm deliberation and with a full knowledge of exactly what it is we are doing.

It is for that primary purpose that I oppose the motion which we are now discussing and which was introduced by the Prime Minister (Mr. Diefenbaker). In addition, Mr. Speaker, I cannot take my seat without adding a comment on the remarks made by the Minister of Public Works (Mr. Green). The amazing change which has come over my hon. friend—and he has been my friend for 25 years—passes my comprehension.

Mr. Green: For the better, I hope.

Mr. Winch: No; I am afraid, sir, you have come down the ladder of my estimation. We all know—we do not have to repeat it—the stand he and his colleagues took in opposition and how different it is now. I just want to comment on one phase of his argument, namely his presentation regarding the rights that private members have enjoyed, and the fact that he does not think the government is asking too much now to have a change made in the standing orders. Through you, Mr. Speaker, because you were also here, I want to remind him of the hours, the days and the weeks, and I think I can say the months, that a select standing committee of this house spent on the revision of the standing orders. The committee was finally able to come to conclusions and bring in recommendations at a session of a previous parliament. The changes made in the standing orders were of such a nature as to expedite government business and to guarantee the time and rights of private members. I was here, Mr. Speaker, when that report was brought in and I heard all the debate. I recall how often it was pointed out that although some of the previous rights of private members were to be given over to government business for the expedition of government business, that in the standing orders there was the protection of the rights of private members.

My hon. friend, the Minister of Public Works, was one of the strongest advocates of, and always insisted on, the rights of private members and the fact that they were spelled out in the standing orders. Yet, now that he and others have crossed the floor they have forgotten a great deal about the protection of the rights of private members through the medium of the standing orders and exactly why the standing orders read the way they do. It was pointed out by the hon. member for Assiniboia (Mr. Argue) that no matter how small a group may be the rights and privileges of private members are the rights and privileges of all members except those of the cabinet. If we look over the order paper, as was pointed out, I repeat, by the hon. member for Assiniboia, we see that the majority of the items that appear under private members' names appear under the names of private members from the government side of the house.

I think they are honest, as I hope they know I am honest. They did not place their motions or their bills on the order paper just for fun. They really were interested in what they had in mind; they really wanted something done so they put their motions on the order paper intending that they should be discussed.

We in this group go over every resolution and every bill to study it and to reach a decision and we believe that we—it may seem strange—are rising in our places this afternoon and fighting on behalf of the rights of private members on the government side so that they may have an opportunity to discuss the things that they thought important enough from their point of view and their constituencies' points of view to place on the order paper of the House of Commons.

Mr. Flynn: You don't give us a chance; you take up all the time.

Mr. Winch: I am speaking now on the comment of the Minister of Public Works. That is why we say in the first instance he should not expect any group or any member in this house to agree to a further curtailment of the time allotted to private members in a regular session of the House of Commons. And also—and I am quite certain of it because I know of the hours the Minister of Public Works puts in in the preparation of any statement that he makes—all members should have the time and the opportunity completely to study anything which is on the order paper of the House of Commons.

Therefore, Mr. Speaker, looking at it from every conceivable angle, if we as members of the House of Commons are to fulfil the

responsibilities which are ours as members of the House of Commons in a logical and a reasonable manner, then at this time the sittings of the House of Commons itself should not be further extended. I am certain that after what I have said the Minister of Public Works will revert to his former sanity and withdraw the motion.

Mr. Arnold Peters (Timiskaming): Mr. Speaker—

An hon. Member: Repetition.

Mr. Martin (Timmins): Don't be impatient.

Mr. Peters: Mr. Speaker, in view of the concern the Prime Minister showed a few weeks ago when he mentioned the fact that the opposition was small—and frankly I did not know until today how small it was. We evidently have lost what we considered to be the official opposition. They have deserted us; they have deserted the position that traditionally they are supposed to fill. I would not be surprised today to see again an amendment similar to the one which was moved in the last session asking the government to trade seats with them and they will run the government because the government is running the country the same way that they would. The Prime Minister did mention the fact that there was a small group in the opposition and wherever possible he was going to facilitate the operations of that small minority, he was going to give the opposition rights and he was going to protect those rights because obviously steamroller tactics could be used any time the government wished the steamroller to go into operation. We do not need closure motions. These are the same type of motions.

I am perfectly well aware of the physical capabilities of members of parliament. If the other members are doing the same amount of work that the C.C.F. group are doing—and I am quite sure they are—then they are going to be hard-pressed to do anything outside of the House of Commons in the way of handling the work that the Minister of Public Works thinks is necessary in their own ridings because they are going to be here doing all their homework on Sundays and burning the midnight oil at night as well.

An hon. Member: Sit down.

Mr. Peters: I have no intention of sitting down until I finish what I wish to say and I think a little courtesy would do a lot of people a great deal of good. Parliament has only been in session for two months. It is true that the opposition as a whole may be inefficient but that is because some members of the opposition do not want to function as they should. None the less, this group intends to do so and I am certain that government members in their committee work are doing a good job of criticizing, examining and giving consideration to things about which they do not know much because this is their first session. There are many of us who do not know too much about these things but I have been very pleased with the interest taken in government by the government backbenchers and those of other parties.

The government is going to be in power for a number of years. This session should not be short like the last session when there was some justification for getting out on the hustings and having another election. We have not got that excuse this year and if we are going to draw a yearly salary we should at least do the work we are supposed to do and give it the consideration it deserves.

Something has been said about the matter of going home and that some members are now doing that. It is quite true that some will still be able to do so. The man who is representing me in Russell where I am living at the present time will be able to go home every night if he wishes to do so. But a great number of members who were able to go home on week ends will not be able to now if they only have Sunday off. I might point out that there has not been a vote in this session when there were not more Conservatives absent than the total opposition combined, and that will probably be the case today.

Mr. Pallett: That statement is completely inaccurate.

Mr. Peters: Therefore it appears to me that we who have the job of criticizing and examining are now doing as much work as we are capable of doing and by adding another day the government is just adding the straw that will break the back of the camel. In my opinion the additional day will only create an additional burden for the opposition because if opposition members continue to do the work they must do they will be incapable of bearing the load.

I think the government should take a look at what one of their former leaders said about this matter. I understand he was much more interested in the sessions of the house than some other people. As found at page 1712 of *Hansard* for December 10, 1951, the Hon. George Drew had this to say with respect to a similar motion:

> I believe that it is immensely important that the time of our sitting remain as it is so that hon. members who attend committees may also have an opportunity to sit in the house.

There is no motion yet to sit in the mornings but the Prime Minister did not say it

was not going to happen next week. Mr. Drew went on to say:

> A number of the committees are still sitting and these are all important committees. There is the committee on defence expenditures; there is the committee on radio; there are committees on other matters, and I think hon. members should still attach some importance to public accounts, which committee is still sitting.

We are in the same position today with the exception that the public accounts committee has not even started to sit. This is a little bit like a convention where if you have a whole lot of important business left over at the end you pass the necessary motions on the last day and start off on the next year. Mr. Drew went on to say:

> There cannot be that attention to the work of these committees and also attention to the business of the house that the nature of the work of the house justifies if this motion is adopted. I urge strongly that it should not be adopted and that we continue to meet at the hours that have been set. There is another reason. I think members of this house should be given an opportunity to digest the reports in order to be able to present their views thereon. It is perfectly clear at the moment that they will not have the slightest chance to examine these reports and express their opinion if this course is followed. Therefore I oppose the motion and I hope that it will not pass.

Frankly I would not object if he were here to make the same speech again today. I think he would probably agree with the position that we have taken.

I suggest that possibly one of the reasons the motion is being introduced is because of the rumblings on the part of many government backbenchers who object to the fact that the members of the C.C.F. group have the opportunity to speak when they wish. I suggest that the backbenchers of all parties have a contribution to make as great as or at least equal to that of some of the government frontbenchers and that there is an obligation upon them to do so. If this motion, as it appears to be, is just a method of giving some members a holiday in the middle of the summer, then rather than this motion being moved there should have been a motion for a recess of six weeks in the hot part of the summer. We could then come back here and do the work we were elected to do no matter how long it took.

Mr. D. J. Walker (Rosedale): Mr. Speaker, as one of the private members on the government side I want to thank the hon. member for Assiniboia (Mr. Argue) for purporting to speak for us, but may I assure you, sir, that no one has less conception of what is in our minds at the present time, as evidenced by the thoughts he so eloquently expressed. The private members on the government side of the house have one thought which has been uppermost in their minds.

[Mr. Peters.]

An hon. Member: To get back to your law practice.

Mr. Walker: That thought is, how long, oh Lord, how long, can one tolerate this repetitious guff we hear from the members of the C.C.F. group?

Mr. Argue: You sound like C. D. Howe.

Mr. Walker: The hon. member purports to speak for us, but what have the members of that group said and what have they done?

An hon. Member: Ask the voters.

Mr. Walker: We will tell the voters. I suggest to you, sir, that they should realize that work does not mean talk. They mistake talk for work. Unfortunately that is about all they have been capable of doing so far. Their contributions to the debates of the house, if you examine them, Mr. Speaker, are practically negative, devoid of any ideas, devoid of any assistance, devoid of any original thoughts, devoid of any constructive criticism.

Mr. Winch: How jealous can you get?

Mr. Walker: I speak now of all the members of the C.C.F. group. I wish to assure the hon. member for Vancouver East (Mr. Winch) that he is the last person in the world of whom I would be jealous. May I say further that the hon. member for Assiniboia, who has that high sounding title, leader of the C.C.F. group, although it is really no longer a group but a very small rump, should realize—

An hon. Member: Oh, oh.

Mr. Walker: I suggest that you go back to the boiler room instead of interrupting me. May I suggest that this group of eight represents the vanished pomp of yesterday and that all the indulgence they are getting from the government is because of the insistence of the government that it will never be said of them that everybody did not have a fair chance. Even in this debate today four members of the C.C.F. group, or 50 per cent, have already spoken without interruption. Should the private members on the government side have the same chance, 104 of us would have the opportunity to speak and we would not be through at the end of August. We would be here a year from now.

Mr. Winch: Why don't they get up?

Mr. Walker: Because you do not give us an opportunity, because you talk all the time.

Mr. Winch: On a point of order, Mr. Speaker, I would ask that the insult to Your Honour be withdrawn because it is you who recognizes speakers in the house.

Mr. Walker: My friend is quite right. I am speaking of the members of the C.C.F. group, and not yourself, Mr. Speaker, because no one knows better than I the contribution you have made to the house. When are we going to have an end of such conduct on the part of this group? We want them to have full scope. I have not said anything in the hope that they would soon desist. All we hear from them is whining, complaining, tearing apart, talk and more talk. We would not mind, Mr. Speaker, if this group represented something but they are neither socialists nor capitalists nor free traders nor protectionists. They do not represent anything. They represent, as I said, the vanished pomp of yesterday. The reason their numbers diminished in the last election from 25 to 8 is that they represent nothing.

Mr. Speaker: Order. I think the hon. member is getting a little away from the amendment.

Mr. Walker: Speaking to the amendment, Mr. Speaker, I would respectfully suggest that the eight of them should take a little "think" to themselves and ask themselves whether 257 others can be wrong and only this group of eight can be in step. Mr. Speaker, it is a travesty of the rules of this house that this group, many of them speaking without knowledge and without background, should continue to block the efforts of this house to clean up the business of Canada in the conscientious manner which it so greatly deserves.

Mr. J. O. Gour (Russell): Mr. Speaker, I had no intention to participate in this debate and would not have done so but for the reference made on my behalf by the hon. member for Timiskaming (Mr. Peters) who is one of my constituents during the session. I am sure that he is a good and intelligent member, and I am sure that if he lives in Russell for the next four years he will become a Liberal. I am not so satisfied with some of my colleagues from the west and from the east who say that members from around Ottawa are sitting less than are other members who are far away. I defy anyone from the C.C.F. party or anyone from the other party to say that he has done more work and has spent more time for his people, in this house and out of the house, than I have during the 13 years that I have been here.

I have 96,000 people in my riding. We have every kind of organization meeting, on an average of one a day, and I contribute to most of them. I contribute as a member should, to fulfil my duty. I am very pleased to do it, but it takes half of my indemnity for that purpose. Hon. members who are far away have only to answer a few letters, and tell their constituents that they cannot be in their ridings. This is about all that it costs you, and many of you ask for free airplane transportation. Many of you are lucky that you cannot go home to your riding. Do not try to fool us. I do not go home every night, my good friend. I have lived in Ottawa since I became a member. I go home once in a while, sometimes every two weeks. I have never lost more than two or three days during a session, and I have received and seen over 1,500 of my electors yearly.

I do not care how long we sit. When I first came here, we were sitting up until 11 o'clock or until 12 o'clock. I do not care how long we sit as long as the business is well done. I understand that we are a small group in the opposition—something which is too bad. The people misunderstood us the last time. I hope that they will understand us better the next time. I will sit here from any hour of the morning until any hour at night, and I am glad to do so in order to do our job properly. But let us not have committees sitting when the house is sitting in the morning because we cannot be here and attend the committees at the same time, as we are a small group in the opposition. I say to the C.C.F. that we do not need them to make an intelligent opposition. We have done it up to now and we are able to do it any time. We will do it in a constructive way in order to protect the Canadian people against too much bad administration by the government. Let us keep on working.

Mr. Peters: I rise on a question of privilege. I only made reference to the hon. gentleman as his riding is right on the edge of Ottawa and I am living there. If he does not live in that area, I owe him an apology.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment (Mr. Martin, Timmins) which was negatived on the following division:

YEAS

Messrs:

Argue	Martin (Timmins)
Fisher	Peters
Herridge	Regier
Howard	Winch—8.

NAYS

Messrs:

Allard	Batten
Allmark	Beech
Anderson	Bell (Carleton)
Badanai	Bell (Saint John-Albert)
Balcer	Belzile
Baldwin	Bigg
Barrington	Bissonnette
Baskin	Bourbonnais

Bourdages	Macdonnell
Bourget	MacEwan
Bourque	MacLean (Queens)
Brooks	MacLellan
Broome	Macnaughton
Browne (St. John's West)	MacRae
Browne (Vancouver-Kingsway)	McFarlane
Brunsden	McGee
Campbell (Lambton-Kent)	McIlraith
Cardiff	McIntosh
Cardin	McLennan
Carter	McQuillan
Charlton	McWilliam
Chevrier	Maloney
Chown	Mandziuk
Churchill	Martel
Clancy	Martineau
Coates	Martini
Comtois	Matthews
Courtemanche	Milligan
Creaghan	Mitchell
Crouse	Monteith (Perth)
Danforth	Monteith (Verdun)
Denis	More
Deschambault	Muir (Cape Breton North and Victoria)
Deschatelets	Muir (Lisgar)
Diefenbaker	Murphy
Dorion	Nasserden
Doucett	Nielsen
Dubois	Nixon
Dumas	Nowlan
English	Nugent
Eudes	O'Hurley
Fairclough, Mrs.	Pallett
Fleming (Eglinton)	Parizeau
Fleming (Okanagan-Revelstoke)	Pascoe
Flynn	Payne
Forbes	Pearson
Forgie	Pickersgill
Fraser	Pigeon
Frechette	Pugh
Fulton	Rapp
Gour	Ratelle
Grafftey	Regnier
Granger	Ricard
Green	Richard (Ottawa East)
Grills	Roberge
Gundlock	Robichaud
Hales	Robinson
Hamilton (Notre Dame de Grace)	Rogers
Hamilton (Qu'Appelle)	Rompre
Hees	Rowe
Henderson	Simpson
Hicks	Skoreyko
Horner (Acadia)	Small
Horner (The Battlefords)	Smallwood
Houck	Smith (Calgary South)
Howe	Smith (Hastings-Frontenac)
Jones	Smith (Simcoe North)
Jorgenson	Smith (Winnipeg North)
Kennedy	Southam
Kindt	Speakman
Knowles	Stanton
Korchinski	Starr
Kucherepa	Stearns
Lafreniere	Stefanson
Lambert	Stewart
LaRue	Tasse
Latour	Thomas
Leduc	Villeneuve
Legere	Walker
Lennard	Webster
Lockyer	Weichel
Loiselle	White
	Winkler
	Woolliams
	Yacula—167.

[Mr. Speaker.]

Mr. Chevrier: May I ask the Prime Minister if he is able to tell the house now what the legislative program is from now until the end of the session?

Mr. Speaker: I must inform the house that if the Prime Minister speaks he will close the debate.

Mr. Frank Howard (Skeena): Mr. Speaker, I did not originally intend to take part in this discussion—

Some hon. Members: Oh, oh.

Mr. Howard: Relax. Take it easy. All that moaning and groaning reminds me of the braying of a herd of asses.

An hon. Member: You should know.

Mr. Howard: I should like to make a comment or two very briefly and to express my gratitude to the hon. member for Rosedale (Mr. Walker) for being kind and gracious enough to tolerate us in this place and to express my appreciation at the indulgence of the government in even allowing us to be here. We appreciate the fact that the hon. member does let us come into this chamber occasionally and participate in these debates. I do not know whether he is familiar with the fact that the rules of parliament as they apply to every private member are the same; parliamentary rights are set out in the rules developed over many years of parliamentary government in Great Britain and in this country, and if the hon. member is not familiar with them I suggest he should consult with the Prime Minister (Mr. Diefenbaker) who will bring him up to date regarding the rules and procedure. I should also like to remind the hon. member that the road to dictatorship is paved with intolerance.

Mr. Speaker: The hon. member for Skeena will recall that I interrupted the hon. member for Rosedale when I thought he was going in the wrong direction. I hope I will not have to interrupt the hon. member.

Mr. Howard: I, too, hope you will not have to interrupt me, Mr. Speaker, but I was merely trying to get the same distance along that road as had the hon. member for Rosedale. The hon. member for Rosedale may know—and this is on a little path not actually irrelevant to the motion—that in British Columbia in 1941 we saw a direct coalition entered into between the Liberal and Conservative parties which lasted for some years. Here, of course, we have a different situation existing, a situation in which we have an indirect coalition, and as a member of the unofficial and effective opposition I should like to express also my thanks to the Prime Minister for mentioning in his introductory

remarks the number of items indicated in the speech from the throne which have not yet been presented in the house. This has been discussed in detail by other hon. members, but I would point out that the items mentioned in the speech from the throne with regard to which no details have been given are the ones which will probably be the most important to come before this parliament during this particular session, and there appears to be no need for rushing, hurrying and scurrying into consideration of these items. Haste makes waste, as you know, Mr. Speaker, and in my opinion this is nothing more than an attempt to legislate by exhaustion by holding back the main pieces of legislation until the end of the session when adequate and proper consideration cannot be given to them. By taking such action the government will not get good legislation.

The obvious conclusion we reach, regardless of the smoke screen which was spread over this issue by the Minister of Public Works (Mr. Green)—and he is quite adept at doing this on any and every occasion—is that we have to rush into this legislative program not because we have a special situation arising out of two elections in a year, or arising out of an incomplete session prior to the election last year, or in minority government and so on, but because of the obvious frustration and restlessness that exists among the government's backbenchers. I know many of these private members personally, and have spoken with them, and they have indicated that they are frustrated—that they are restless—that they do not like being here because there is relatively little for them to do. So they want to get it over and go back to their law practices, or whatever it is, or rush back, as is right, to their constituencies to spend all the time possible at home, which we would all like to do. Obviously the Prime Minister is giving in now to this pressure from his backbenchers. I wish he had not done it so early in the session.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I intend to oppose the motion proposed by the Prime Minister and I should like to state several reasons why. The leader of the house has accused us of being unfair to other members of this house. I feel that when the leader of the house placed on record the fact that this house was sitting presently for only 25½ hours a week that he, unintentionally, was most unfair to all members of this house, because the minister, on reflection, will concede that the newspapers would love to headline the fact that some members of parliament object to working for more than what he calls a 25½ hour-week. I feel that if there was any unfairness this afternoon it was this calling to public attention the records of *Hansard* and the fact that this house sits for 25½ hours a week, when the minister himself is quite aware, from his many years of experience, that there is no such thing as a 40-hour week, a 50-hour week or even a 60-hour week for conscientious members of parliament who must work even longer hours than that.

Mr. Speaker, we in this group attempt to be fair to ourselves, to our responsibilities and to the problems that confront this parliament and the government of Canada. I have in mind at this time especially the very serious problem to which practically no attention has yet been given during this session and that is the problem of heavy unemployment in the middle of the summer. I realize that not all hon. members find it necessary to spend an equal number of hours in their work as members of this house and it may well be that the hon. gentlemen in that party which has an overwhelming majority in the house may find it difficult indeed to work 60 hours a week. They may find that they like to—in the minister's words—go home for the week end.

I feel that the minister was further slightly unkind when he indicated that hon. members did not—to use his words again—like to sit around here. I presume he meant on week ends. I can assure him that there is not very much sitting around here on week ends; instead, there is a great deal of working around here on week ends and if the minister's memory is that short it might do him some good for him to be in the house on a week end and observe the many hon. members who are working.

This afternoon we have had a perfect example of the old policy between the government and the official opposition of "you scratch my back and I'll scratch yours". The desire to get out of the house and have done with the session seems to be shared by members of both the larger parties.

At this time I wish to enter a plea on behalf of a group other than ourselves. We all know what the regulations are and when the house sits on Saturdays the employees of the house must also work on that day. If this resolution receives the endorsation of the house—and I hope it will not—I trust some arrangement will be made whereby the employees will be assured of the continuation of the five-day week which they have enjoyed for the past several months. I feel that it is most unfair to expect these employees to work a six-day week merely to please our convenience so that we can have done with the session at as early a date as possible.

Business of the House

The Minister of Public Works (Mr. Green) outlined a little of the history of the last several sessions of parliament. However, I should like to remind him that almost for the past two years this house has been largely engaged in political squabbles laying the groundwork for the election battles and not too much attention has been paid to the business of parliament. To illustrate what I mean one has only to think back and realize that this parliament did not complete the estimates for the year 1957-58. Indications are that we may have a difficult time indeed, if the wishes of many hon. members should prevail, finishing a consideration of the estimates of 1958-59. One of the most ancient rights and privileges of a people's parliament is for political purposes and now apparently for the sake of expediency to be shortened.

The public accounts committee has been constituted and as a member of it I have yet to receive notice of its first meeting. If the Liberals and Conservatives cannot agree as to who ought to be chairman I suggest that the government approach my leader with a view to inquiring if our group would consider appointing a chairman for the committee in order that we could get on with the business of the country. Some reality might be given to the much publicized role the public accounts committee would play under a Conservative regime. The select committee on broadcasting about which we heard so much in the speech from the throne has not yet been appointed to my knowledge.

The hon. member for Assiniboia (Mr. Argue) listed many pieces of legislation which were forecast in the speech from the throne but he omitted many of them which I intend to enumerate at this time. It was indicated in the throne speech that the government would attend the commonwealth trade and economic conference. Surely the parliament of Canada should be given an opportunity to express its views in this regard before that conference is held. The throne speech forecast an acceleration of useful public works projects designed to sustain employment but we have yet to hear of this accelerated public works program. It also forecast a public investment program but outside of the South Saskatchewan river dam nothing more has been heard. We in British Columbia were particularly awaiting some announcement of legislation by which means our province could participate in this program and I refer particularly to the Columbia river project but nothing more has been heard.

Forecasts were made of the extension of airports and air bases but we have heard nothing more of this. Mention was made in the budget as well as in the speech from the throne of amendments to the Emergency Gold Mining Assistance Act but we have yet to see that legislation introduced. We were assured that amendments to the Financial Administration Act would be brought in but nothing has been done in this respect. We were assured by both the Prime Minister (Mr. Diefenbaker) and the Minister of Finance (Mr. Fleming) that the House of Commons would be given an ample opportunity to discuss the government's use of warrants but no time has been allowed for such a discussion.

In conclusion I wish to offer the proposition that there is nothing so horrible in the thought of the House of Commons sitting, as the Minister of Public Works said, until November or even December. I believe that the people of Canada have the right to expect that we sit for as long as it is necessary to attend to the affairs of the greatest and hugest enterprise in Canada, the government and the business of the parliament of Canada.

Mr. Hayden Stanton (Leeds): Mr. Speaker, the hon. member for Skeena (Mr. Howard) made a statement to the effect that backbenchers in the Conservative party were frustrated. This is absolutely untrue and there is no frustration in our midst. We are quite prepared to sit here for five or even six days a week or as long as is necessary in order to carry on the business of this house. But what we are not content to do is to sit here and listen to the yak, yak, yak of the C.C.F. members in the far corner of this house. Hon. members of the C.C.F. would do well to remember that 17 of their members talked themselves out of this house in the last election and if they keep on the way they are going at the present time they will be completely annihilated in the next election, so let us hear no more from them in this respect.

Mr. Speaker: I must inform the house that if the Prime Minister speaks now he will close the debate.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not intend to add to the festival that has taken place here this afternoon. Certain hon. gentlemen have reviewed the needs of parliament, the democratic system, the preservation of parliamentary rights and the necessity of having the legislative program passed by parliament. It is because we want to accomplish this that we have asked for the extension of the time within which this house will sit to the end that we may deal efficiently and effectively with the very large portion of the legislative program that still remains. There

are, however, some hon. gentlemen who believe that instead of having the division of labour which was referred to by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), their contribution to the solution of the problems that confront parliament is best determined by each of them saying the same thing over and over again. They choose to do this instead of having one or another of their members efficiently organized to the end that a full and proper discussion will take place.

Repetitious utterances, sir, do not solve problems or assist in their solution. I suggest to certain gentlemen who have spoken that possibly if they were better organized and those extra hours that they work had been devoted to allocating among members of their group responsibility to speak in respect of those subjects which they have studied more carefully than others, the business of parliament would be expedited and a considerable step taken toward making this house a place in which the determination of problems is on the basis of contributions rather than on measurement of the length of time taken by any of them on discussion and repetition.

The Leader of the Opposition (Mr. Pearson) asked me to outline in general what will be brought before the house. I can do no better than refer to the speech from the throne. In it is contained the legislative program that we intend to bring before the house. It is because of the fact that so far the debates have been mainly on the speech from the throne and the budget, and not wishing to transgress the rights of private members to express themselves, the time has come, unless the House of Commons is to become the place in which the definition of eternity will be found, when we must act to the end that longer days, longer periods of sitting, will have to take place if we are to discharge our responsibility. That is why this preliminary motion is moved. It is not the complete picture, but at the moment committees are meeting. Because committees are meeting, and in an endeavour not to prevent those committees from completing their responsibilities, the extension is within the limited scope of this motion.

In so far as the legislative program is concerned, in addition to those things that appear in the speech from the throne, I might say that having regard to agricultural conditions on the prairies some further action is being considered by the government which, if determined in the affirmative, will require further legislation. So far as the Saskatchewan dam is concerned, the last word I have this afternoon is that the difficulties arising out of discussions by both sides have all but been resolved and my hope is that an agreement will be signed by this government and the government of Saskatchewan which will, of course, necessitate legislation at this session of parliament to implement it.

Farther than that I do not intend to go. I do believe in the rights of parliament. Those rights shall be undiminished. That is the attitude of this government and that is the stand I outlined in the first speech I made in this house. But, sir, the legislative program must come before the house. If the normal hours at this period, in the passage of time since the speech from the throne, are insufficient, then there is only one way to proceed and that is the way we are following, the preliminary step, the minimum extension but not morning sittings, to the end that we shall be able to bring about a solution of our problems through the necessary legislative action.

Some speak about the rights of parliament. All I say is that these rights will be maintained. But at the rate the discussions are taking place here, where a few members believe that in order to show that they are making a contribution each says the same thing over and over again, the only way in which that can be met is to extend the time so that hon. members will have an opportunity to consider the matters that are of particular importance, as set out in the speech from the throne. Our objective is not to prevent members from talking; it is to extend the opportunity for that purpose. Instead of in any way interfering with members having the right to express themselves, I feel that the extension of time will enlarge those rights and I hope that ultimately in the process of time we will be able to have the legislative enactments on the order paper, not only placed before parliament but also passed by the house in its wisdom.

The program that we have is an important one. It has not been considered as yet with that degree of application on the part of all of us that I want to see, and I hope that when this motion is passed, if the house passes it, as I hope it will, we shall be able to make much progress because the work has been organized by the government. We are ready. Our legislative program is set out. The legislation is ready. We are now asking the House of Commons to proceed to consider that legislation and, I hope, to pass it.

My hon. friends talk about the house sitting until November or December. It is all very interesting. They speak disparagingly of others who have some responsibility. I hope the time never comes when we elect to the House of Commons only those who desire to spend 12 months a year here. I hope that we shall continue in the tradition of good parliamentary government and not prevent those who

can serve this country from serving because through unnecessary repetition we make it impossible to command and mobilize the candidature of those who can be induced to sit in the House of Commons, as many now sit, who, if they found that it was a 12-months job, would be unable to make their contribution to the building of a better Canada and the attainment of a better legislative program.

Mr. Speaker: The question is on the main motion. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Some hon. Members: On division.

Mr. Speaker: I declare the motion carried on division.

Motion agreed to on division.

FINANCE

ANNOUNCEMENT OF CONVERSION LOAN

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have an important announcement to make relating to our public debt operations. Today we are embarking upon the largest and I believe the most constructive financial operation in the history of Canada, of the successful outcome of which I am fully confident.

Hon. members are aware of the general background. In my budget speech four weeks ago I informed the house and the country in some detail of our financial requirements during the coming year. I stated then that in order to carry out our approved program in the fields of both economic capital development and social welfare we would require some $1,400 million of new money during this fiscal year, in addition to providing for the refunding of nearly $2,000 million of maturing bonds. This, as I said at that time, is a formidable task.

We must also look beyond the immediate needs of this fiscal year. During the next few years there will mature in quick succession the whole of the remaining wartime victory loans. The total amount of the five victory loans falling due between now and 1966 is over $6,400 million. This is a very large sum and it constitutes more than 60 per cent of our outstanding funded debt, excluding the special categories of Canada savings bonds and treasury bills.

This large volume of early maturities overhanging the market has made it very difficult to plan an orderly program of debt management and has contributed greatly to the general feeling of uncertainty which has prevailed in our bond markets for the past few years. This uncertainty in the market for prime Canadian bonds has had inevitable effects on the market for provincial, municipal and good corporate bonds.

We have therefore decided to clear away this heavy congestion of early maturities and to lay the foundations of an orderly and sensible program of public debt management. Today we are launching the Canada conversion loan of 1958. The details of this offer are being made public concurrently with this announcement. Holders of all unmatured victory bonds are being offered new and longer term bonds in exchange for their present holdings. The holders of the eighth and ninth victory loans maturing in 1963 and 1966 are offered a choice of new 4¼ per cent 25-year bonds maturing in 1983 or new 4¼ per cent 14-year bonds maturing in 1972. Holders of the seventh victory loan which matures in 1962 may convert at their option into either of the two new bonds already mentioned or into a 3¾ per cent 7-year bond maturing in 1965. Finally, the holders of the fifth and sixth victory bonds due in 1959 and 1960 may convert into new 3 per cent 3¼-year bonds maturing on December 1, 1961 or into any of the other new bonds mentioned.

In brief, the holders of all these victory loan bonds may convert into a choice of four issues, 25 years at 4½ per cent, 14 years at 4¼ per cent, 7 years at 3¾ per cent or 3¼ years at 3 per cent, provided, however, that they must elect a bond which lengthens out to that extent their present term.

In addition, in order to adjust equitably the current market prices and yields of the old bonds to the new offerings we will make appropriate cash adjustments on conversion. Since we are making this offer to the two million individual private citizens who own these victory bonds, we are combining accrued interest and the cash adjustment into a single figure. The actual cash adjustment, exclusive of accrued interest, in favour of the person converting will depend upon the issue he is turning in and the new bond he is taking in return, but ranges from nil on the 1966 maturity being converted into the 14-year or 25-year bond to $1.99 per $100 par value on the 1959's which are converted into new bonds of 7-year maturity or longer.

This is not, of course, the first conversion loan in Canada's history. There have been a number of previous conversion loans relating to the victory loans of the first world war and of the second world war. But none of the earlier conversion loans has been on as

large or as comprehensive a scale as the one we are offering today. Detailed prospectuses will be in the hands of all branches of chartered banks and of all investment dealers either this afternoon or tomorrow morning.

This is a tremendous operation requiring the enthusiastic co-operation of everybody concerned. We spent long hours with officials and other experienced advisers under the leadership of the governor of the Bank of Canada perfecting our campaign plans and organizing committees. I am happy to report that I have received from all quarters pledges of enthusiastic and vigorous support in carrying this enterprise to a successful conclusion.

In the campaign I am now announcing the period between today and August 5 will be largely taken up with organization, but it will be open to any holder to deposit his old bonds and take his cash adjustment starting today. Our offer to convert will remain open up to and including September 15, 1958. All the new bonds will be dated September 1 and will bear interest from that date.

Apart from corporations and financial institutions it is estimated that there are two million private individual holders of the victory loan issues to which I have been referring. To make sure that each and every holder, in so far as it is humanly possible, is made aware of this opportunity we are arranging for a widespread publicity campaign using all appropriate media.

This conversion offer will perform the major and essential task of clearing the way for an orderly program of debt management over the years ahead. It will not, however, provide us with any new cash. To cover our cash requirements over the next few months we have arranged to sell an issue of $400 million of five-month bonds bearing interest at the rate of 2½ per cent per annum to the Bank of Canada and the chartered banks. These very short-term bonds will fall due on December 15 next, a date which will coincide with our known cash receipts from this year's Canada savings bond campaign.

In conclusion may I say two things. The first is that we are convinced, and so are those with whom we have consulted, that this great conversion loan will lay the foundations for a new, healthy and confident tone to our whole bond market, and that the beneficial results of this will extend well beyond the market for Canada bonds and into the market for provincial, municipal and corporate bonds.

The second point I wish to emphasize is that this government attaches great importance and a high priority to the preservation of a sound currency and stability in the purchasing power of our dollar. On behalf of the government I wish to reiterate that we intend to follow policies designed to maintain the soundness of the Canadian dollar.

Mr. Speaker, this is a great national undertaking. It is the concluding phase of the victory loan campaigns of the war years which, as we all remember well, enlisted the enthusiastic support of all Canadians. I confidently bespeak the support of all Canadians today in carrying through to a completely successful conclusion the Canada conversion loan of 1958.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister has indeed made a very important statement, a statement of an operation which was forecast in this morning's press and which, indeed, in its detail is in the afternoon press. As the minister has said, the Canada conversion loan, 1958, will be the largest operation of its kind in our history, even in our wartime history. He has emphasized quite rightly that for it to be successful it will require the enthusiastic co-operation of everybody concerned, and as I said in my contribution to the budget debate, Mr. Speaker, all Canadians will hope that he will get that co-operation and all Canadians must hope that this operation will be a success.

We in this country are entering upon some very difficult and complicated financing and refinancing moves which the minister has outlined to the house previously, and this is the first and a very important stage in what he himself has called a major financial operation. I repeat that we as Canadians must all hope that this operation will be a success and that, above all, the stability of our currency will be maintained throughout the operation. Of course, while all of us hope that, we cannot help but feel anxious about the effect on monetary policy and on inflationary pressures of the operation which is now beginning. We hope that effect will not be harmful, and we hope these inflationary pressures will be held in check. We will all be following with great interest the progress of this very important refinancing campaign.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement just made by the Minister of Finance is certainly one of the most important that has been made by a minister of finance since the end of the war. We hope with him that the objective of a sound money policy may be achieved and that the soundness of the Canadian dollar may be maintained. We hope also that the issues will be in smaller denominations so that ordinary

Canadians will have a chance to participate and that the terms of payment will be such that ordinary income earners will be able to acquire the bonds that are being issued. We hope that the result of this issue will be to ease the financing problems of provinces and municipalities.

I am certain that one of the reasons the total amount of financing is in such a large figure is the deficit in the current budget. We hope that future budgetary deficits will not have to be so large, and that we shall get back to a balanced budget and a more balanced economy so the country will not have to add to its long-term debt.

The exact terms of the proposals—the interest rates, the length of time and so on—will be studied very carefully by this group. We shall have further comments to make at a later time, but we hope the issue which the minister is now making will receive general public support.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to address a question to the Minister of Finance and ask him how he squares his announcement of the 4½ per cent interest rate with the statement made by his leader in Halifax on March 24 that the tight money policy of the Liberals had been reversed and the interest rate had been decreased from 4.3 per cent to 2.8 per cent.

Mr. Fleming (Eglinton): Mr. Speaker, there are four offerings open to holders of these five outstanding victory loans. We are anxious to make the offering of the latest maturity as attractive as possible in order that as much as possible of the maturing debt of Canada may be well advanced into the future. My hon. friend has not commented upon the fact that the interest rate on the earliest of the four maturities offered is just 3 per cent, the same as the rate on all the five outstanding victory loan bonds. The other rates are arrived at and graduated in accordance with the maturity of the new bonds. The 3¾ per cent is on the 7-year issue, the 4¼ per cent on the 14-year issue and the 4½ per cent applies only to the 25-year issue. This ties in with what has been said earlier here on this side of the house and by the Leader of the Opposition with regard to the maintenance of soundness and confidence in the Canadian currency.

Mr. Pickersgill: As a supplementary question, may I ask the minister if he really thinks that answers my question?

Mr. Fleming (Eglinton): Yes, Mr. Speaker, I think I have given my hon. friend in my answer a lot of credit, perhaps, in relation to the question he asked.

[Mr. Argue.]

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—FURTHER STATEMENT ON REQUEST FOR ASSISTANCE TO HALT VIOLENCE IN INTERIOR

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): On Friday last, Mr. Speaker, I informed the house, in answer to a question by the hon. member for Kootenay West that I was not in a position to make any statement in connection with the Doukhobor situation as I had not received from the government of British Columbia any reply to my letter.

I regret to say that I was in error. I now find that a letter from Premier Bennett had been received in my office several days previously which, due to an oversight, was not brought to my attention. I apologize for the error. I also wish to remove any impression that a letter from the British Columbia government was overdue.

While it appears from the letter I have now received that the two governments are not in agreement as to where the constitutional responsibility for handling the general situation lies, nevertheless there seems a possibility that a mutually acceptable basis for co-operation in respect of one possible solution may be worked out. Premier Bennett's letter indicates that we shall be hearing from him further in this regard in due course.

BRITISH COLUMBIA—REPORTED ARREST OF MAN ON TICKET OF LEAVE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I direct a question to the Minister of Justice. In view of the fact that William Munavish of Vancouver has been returned to the British Columbia penitentiary following the issuance of a new warrant cancelling his ticket of leave, without any indication as to how he was alleged to have broken parole conditions, will the minister in the name of justice and decency have this man or his lawyers informed as to the charges and will the minister arrange for a hearing so the man may be given an opportunity to defend himself?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman, I am afraid, entirely misconceives the nature of procedure under the Ticket of Leave Act. There is no charge laid against a person whose ticket of leave is cancelled or suspended.

The whole subject, as I explained in answer to an earlier question, will be dealt with when the new national parole bill is up for debate. At that time I hope to have an opportunity, at greater length than is possible on orders of the day, of explaining the basic concept of the ticket of leave or parole, as it will then be known, and the reasons why in the case

of a cancellation or suspension in the interests of society as well as in the man's own interests it is necessary to have a man recommitted immediately and, subsequent to his recommittal, to have a full investigation of the reasons therefor.

There is, however, no charge and there is no imposition of a new sentence because the former sentence was never cancelled. The situation is simply that the man has been out on licence and his sentence continues. When there is evidence that a man has broken the conditions of his licence, and it is decided, in the interests of society, or for whatever the reason be, that he should be returned, it is necessary that the return be made immediately.

Mr. Winch: I understand all that the minister has said, and he has told us this before, but may I ask him, in view of the fact that the man has been returned to penitentiary without any knowledge as to the reasons therefor, can he or his lawyers, in the name of common decency, not be told these reasons?

Mr. Fulton: I shall be glad to look into this question. It is my impression that the man in question knows full well the reasons for his return. In view of the circumstances, this is one of those cases where I do not think, at the present time at any rate, it would be proper to inform the house of the reasons because a man's character and reputation are at stake.

Mr. Winch: I am not asking that the house be informed; I am asking that the man or his lawyer be informed. I received this morning an affidavit from him to the effect that he has not the faintest idea as to how he broke his parole.

Mr. Fulton: I will have this matter looked into. I shall be very surprised if he does not know, but if he does not I will ensure that he be advised.

Mr. Winch: That is exactly what I asked.

DOMINION-PROVINCIAL RELATIONS

MANITOBA—TABLING OF CORRESPONDENCE RESPECTING TAX RENTAL AGREEMENTS

Right Hon. J. G. Diefenbaker (Prime Minister): On June 23 and June 26 the hon. member for Kenora-Rainy River asked whether I would table the correspondence between the government and the premier of Manitoba. He referred to an item in the press with regard to the tax rental agreements. I now table that correspondance.

Mr. Pickersgill: In the absence of the hon. member for Kenora-Rainy River, may I ask the Prime Minister if this correspondence could be printed in the usual way as an appendix to *Hansard*, or if he would ask that this be done?

Mr. Diefenbaker: It is very lengthy, Mr. Speaker. I was wondering whether or not the same result would not be achieved by printing it in *Votes and Proceedings* rather than in *Hansard*. It is a very lengthy correspondence.

Mr. Pickersgill: I would hope that the usual practice could be followed. There are a great many people who never see *Votes and Proceedings* but who are greatly interested in these federal-provincial matters. I would hope that the Prime Minister would reconsider the matter and request that the correspondence be printed in *Hansard*.

Mr. Diefenbaker: I have no objection, Mr. Speaker. It is simply the fact that *Hansard* will be a large document today.

Mr. Speaker: Does the house give unanimous consent that the documents tabled now by the Prime Minister be printed as an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For text of correspondence referred to above, see appendix, pages 2231-35.*]

CANADIAN NATIONAL RAILWAYS

REFERENCE TO COMMITTEE OF REVISED BUDGET

Hon. George H. Hees (Minister of Transport): By leave of the house I move:

That the revised budget for 1958 of the Canadian National Railways and the operating budget of the Canadian National (West Indies) Steamships Limited, tabled this day, be referred to the sessional committee on railways, air lines and shipping owned and controlled by the government.

The revised Canadian National Railways budget replaces the budget tabled on June 2.

Motion agreed to.

QUEBEC—INQUIRY AS TO SUSPENSION OF FAST TRAIN CONNECTION

On the orders of the day:

Mr. J. J. Martel (Chapleau): May I ask the Minister of Transport if he has received representations from the chambers of commerce of Senneterre, Amos, Rouyn-Noranda and other towns located throughout the northwestern part of Quebec about the proposed suspension by C.N.R. authorities of the only fast train connection between these districts and the rest of the province of Quebec, particularly with respect to direct trips to Montreal, the Canadian metropolis, and Quebec city, our provincial capital?

If so, would the minister inform the house—although we quite agree with him

that these matters are questions of administration and internal decision by the Canadian National Railways authorities—what are the over-all revenues of the different railroad systems in northwestern Quebec covering the two federal ridings of Villeneuve and Chapleau, which serve a population of 150,000 people, and also what are the main reasons motivating this decision?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have received representations from the centres mentioned by the hon. member and I will be glad to draw these representations to the attention of the management of Canadian National Railways.

Mr. Armand Dumas (Villeneuve): May I ask the minister as a supplementary question, in view of the urgency of this matter, if he would immediately discuss this question with the officers of the Canadian National Railways while they are here in Ottawa?

Mr. Hees: Mr. Speaker, when the Department of Transport says it will take up a question with management that means immediately.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF PARLIAMENTARY ASSISTANTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In view of the desirability of members on the other side of the house being available to speak for ministers in their unavoidable absence from the house, may I ask the Prime Minister whether he is considering appointing parliamentary assistants soon; perhaps I can repeat the words my friend the hon. member for Rosedale (Mr. Walker) uttered earlier this afternoon in another connection, namely "How long, O Lord, how long".

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the anxiety of my hon. friend in this connection will be satisfied very shortly.

THE SENATE

INQUIRY AS TO CONSIDERATION OF MEASURES FOR REFORM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to ask the Prime Minister a question of much greater importance. In view of the fact that the Prime Minister has had over a year to meditate upon the chilly nature of the swirling waters of Senate reform that face any government considering this problem, and in view of the continuing and recently much stimulated interest in this matter, to put it as politely as possible, would the Prime Minister inform the house when he intends to take the plunge?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with characteristic imagery my hon. friend refers to "the plunge". I really could not call it that. I can understand the interest of a brother British Columbian in this problem at this time. All I can say is that when the matter receives attention it will be communicated to the house, not in the nature of a plunge but of a course of action.

LABOUR CONDITIONS

PICTOU, N.S.—STATEMENT ON PROSPECTIVE LAY-OFFS BY FERGUSON INDUSTRIES LIMITED

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Thursday last the hon. member for Bonavista-Twillingate directed a question to the Minister of Labour regarding the reported lay-off of employees at Ferguson Industries Limited at Pictou because of a lack of shipbuilding orders. I may say that on several occasions the hon. member for Pictou has made representations with regard to work for this shipyard, and as far as my department is concerned we are continually keeping in mind and reviewing the situation in regard to employment for our shipyards, but I cannot be specific in regard to this particular yard at this time.

AIR TRANSPORT

MODIFICATION OF REGULATION OF NON-SCHEDULED SERVICES

On the orders of the day:

Mr. E. J. Broome (Vancouver South): In view of the earlier comments of the Minister of Transport regarding competition between scheduled air line services, I wonder if he has also given any thought to possible modification of government regulation of non-scheduled services, particularly in the light aircraft field?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. The answer to the hon. member's question is yes. The government, after study of this matter, has come to the conclusion that there should be an easing in the treatment of applications for licences for non-scheduled commercial air services which involve only the use of small light aircraft and helicopters.

The concept of regulated competition in the field of public utilities is already well

accepted as applying to public services which are of great importance to the population as a whole, or to major segments thereof. However, I can find no evidence to indicate that services provided by small, single-engine light aircraft and helicopters fall as a general rule within this category.

Services of this type can only offer transportation at a relatively high unit cost compared with larger aircraft. In total they provide only a small percentage of the air transportation picture in Canada. Nor is there any indication that the public interest would, as a whole, suffer if this type of air service was permitted to operate more freely. In fact all the indications are that the reverse would be the case, and the government has accordingly decided that it would be in the public interest that licences for air services using only this small type of aircraft be granted freely on request. This I consider to be properly in accord with the spirit of free enterprise.

I recognize that there may be a few instances, for example in remote northern areas, where the importance of services provided by this type of aircraft to a community is so great that, unlike in the settled areas of Canada, small aircraft service has to be classed as essential, and that in these cases the air transport board may vary the general policy I have indicated by bringing such cases to me for special consideration. I have informed the board, however, that I would expect instances of this sort to be very much the exception rather than the rule.

I have also informed the board that generally speaking this policy should apply to what is known as group C aircraft, that is small single-engine aircraft having a gross disposable load of less than 1,100 pounds and to small single-engine helicopters such as the Bell-47 and Sikorsky-51 types, but not to larger units.

[*Later:*]

QUEBECAIR—RECENT DAMAGE TO FACILITIES BY FIRE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Transport if an investigation will be made into the fire which destroyed a large portion of the air facilities of Quebecair recently, and whether his department will give consideration to assisting that efficient air line in re-establishing its facilities?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for having advised me of his intention to ask this question. We will investigate this fire and the situation resulting from it, and we will give consideration to the possibility of giving financial assistance in this case.

POSTAL SERVICE

WESTMOUNT, QUE.—INQUIRY AS TO DAILY DELIVERY

On the orders of the day:

Mr. Romuald Bourque (Outremont-St. Jean): I should like to direct a question to the Postmaster General, notice of which I sent him a few moments ago. Has the minister taken cognizance of an item in Fitz's column in today's Montreal *Gazette*, stating that the citizens of Westmount were up in arms with respect to the fact that the once a day mail delivery reaches them only during the afternoon, and could the minister tell the house if it is the intention of his department to remedy this situation?

Hon. W. M. Hamilton (Postmaster General): I received notice of the question a moment ago, and I did not read the item referred to. I regret that I missed that interesting column, but to the best of my knowledge there has been no general change in the mail service to this section of Montreal. It is necessary, with a man covering two routes a day, that one delivery be made in the morning and the other in the afternoon. That applies generally with respect to all our post offices.

PIPE LINES

NORTHERN ONTARIO PIPE LINE—REQUEST FOR RETENTION OF GOVERNMENT CONTROL

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I wish to direct a question to the Prime Minister. Has the government received a copy of the resolution passed unanimously at a recent meeting of Timmins town council, and if so, is it giving any consideration to the request contained therein that the gas pipe line between the Manitoba boundary and Kapuskasing, Ontario, be retained under government ownership and control?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to the first question is yes, and the answer to the second question is no.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

RADIO AND TELEVISION—GOVERNMENT POLICY

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, this is the fifth of the six supply motions we shall have this session, and I must confess that it is

unfortunate that five of them will have been exhausted after today or tomorrow, because it looks as if we will now be here for some weeks, and I think it was the intention when standing orders were changed dealing with this matter that these supply motions would be spread as evenly as possible over the session.

I am not blaming anybody at the moment for this situation, but it does mean that after this supply motion has been exhausted we will have one only during the rest of the session. There may be very important developments during that time which would normally be raised by the opposition by moving amendments on going into supply, when such questions could be raised or grievances could be aired.

The subject I wish to raise today and on which in due course I will move an amendment is the question of national radio and television, which I think all members of the house will agree is an important aspect of national development, an aspect which leads us into the realm of the communication of ideas so important in welding together our sections and our people, in strengthening their unity and stimulating their pride in their country.

It is my view and the view of the official opposition that government policy should by now have been laid down with regard to this matter; that doubts and hesitations which have been created in recent weeks should be resolved, and that the house and indeed the country should know where we stand in this matter especially in view of the Fowler report on broadcasting and of the assurances given by the Prime Minister in the election campaign of 1957 and repeated in 1958 that the recommendations contained in that report would receive attention, as he put it, "at a very early date". Nothing has been done to remove this uncertainty, though I must add at once that we had a very interesting and very helpful statement by the minister concerned a few weeks ago.

Nothing, however, has been done to remove the uncertainty with regard to policy, an uncertainty which is bound to be felt in view of the strong position taken by the Prime Minister and by members of the government with regard to radio and television matters when they were in opposition. If we on this side of the house complain now of delay and uncertainty with regard to policy we should, I think, in all fairness, put forward our own views on this question and that is what I am proposing to do before I move the amendment.

In doing this I do not think I need stress at any great length the importance of radio and television in our national life, in the development of Canadian culture, and in the development of a Canadian identity. They are two of our most powerful media for better or for worse in the pursuit of these essential goals. These days we hear a great deal about the special need at this stage of our history for a strong and healthy Canadianism. This is a matter of understandable concern to all Canadians. Therefore we are bound to be concerned with the performance of any agency for the communication of ideas such as radio or television, and with the contribution that such agencies are making toward the development of this strong and healthy Canadianism.

This is especially the case with broadcasting, because if we do not exploit this medium for right Canadian purposes and direct it in the public interest it will be used by others for purposes which may be good or which may be not so good, but which cannot be expected to be wholly Canadian. The national interest and a national purpose should be and have been, then, a responsibility for radio and television in this country, and this has been recognized by governments for many years. That interest is superior, and must remain superior, to any private advantage.

I suggest there must be no weakening of this principle in any policy that may be adopted in this house with regard to this matter. Control of our own air must help us to determine, in so far as any nation can so determine in this interdependent age, our national destiny, and help us develop our distinct national personality and our own Canadian culture.

Too much emphasis cannot, I think, be placed on the part that radio and television can play in building up on the northern half of this continent a distinct, cohesive, self-reliant national personality proud of its achievements and confident about its future without being smug or arrogant about it. Maintaining Canadian unity and building the Canadian nation has never been and perhaps never will be an easy task in the face of the geographic, economic and other factors that tend to separate us or pull us south rather than east and west. Canadian governments in the past of both parties have accepted the responsibility of countering these factors in the interests of national unity. They have accepted this duty in radio and television as they have in other forms of transportation and communications.

That has cost and will continue to cost us a great deal of money and I will have something to say about that a little later. We should not permit that cost to be one dollar higher than is absolutely necessary but I believe that what is determined to be

necessary by parliament should be given. That, in my view, would be a small price to pay for the results achieved in national or individual reward or satisfaction in the application of a good national television and radio policy.

Recently fears have been widely expressed and, I think, often deeply and genuinely felt that our own control over our economic life is being disturbingly and unduly weakened by our increasingly close integration with the economy of the United States, a process that has been going on in this country since the beginning of this century. There certainly is a basis for this fear although the fear itself can be exaggerated. It requires us to do what we can to remove that fear through wise and carefully considered policies based on long range considerations of true national interest rather than short range considerations of prejudice or perhaps even immediate advantage, or what may seem to be immediate advantage. I suggest that the dangers to which our cultural and non-material life are being exposed today are as great if not greater than those facing control of our economic development. Indeed, the two fears and the two results are closely connected.

This situation has been very well and reasonably described in the report of the royal commission on the arts, letters and sciences which the Liberal government appointed in 1949. I should like to quote from page 18, paragraph 26, of that report on this particular point. It reads:

> American influences on Canadian life to say the least are impressive. There should be no thought of interfering with the liberty of all Canadians to enjoy them. Cultural exchanges are excellent in themselves. They widen the choice of the consumer and provide stimulating competition for the producer. It cannot be denied, however, that a vast and disproportionate amount of material coming from a single alien source may stifle rather than stimulate our own creative effort; and, passively accepted without any standard of comparison, this may weaken critical faculties. We are now spending millions to maintain a national independence which would be nothing but an empty shell without a vigorous and distinctive cultural life. We have seen that we have its elements in our traditions and in our history; we have made important progress, often aided by American generosity. We must not be blind, however, to the very present danger of permanent dependence.

That consideration should, I think, be a major preoccupation on the part of the government and all of us in respect of any change that may be recommended in Canadian radio and television policy. We have been led to believe from reports outside this house that some such change is shortly to be recommended. Indeed, it is perhaps true that it is in the field of broadcasting that the possibilities mentioned in the report which I have just read of United States influence becoming too powerful and too dominant are greatest. The existence—indeed, the very fortunate existence—of two main language groups; our great area combined with our small and scattered population makes the effective discharge by government of its national responsibilities in this field both difficult and expensive as my hon. friend, the Minister of National Revenue (Mr. Nowlan) pointed out two or three weeks ago in what I referred to as a very interesting and, I thought, sensible statement.

The easy way out of this responsibility —just as the easy way out of our transportation responsibilities in this country 80 or so years ago—would have been to have relied on the United States or on policies that would have brought us under United States control in this important field. I wish to read what the Massey report said on this point at page 23, paragraph 3:

> The easy and obvious answer soon appeared.

That refers to the answer to our problem of radio and television. Radio was the main concern in early days and the television problem was just emerging at the time of this commission. I continue:

> In the United States the new industry of radio was growing phenomenally. Men of enterprise quickly mastered the early techniques and enlisted and adapted an astonishing amount and variety of talent for the new medium. Commercial returns justified their investment. Here, it seemed, was the solution to Canada's problem. With easy access to the south, American programs could be channelled in to Canada inexpensively through stations along the border. Canadians could again feast heartily and cheaply on American bounty, this time without even an obligation to return thanks. It was then that some Canadians began to think that history was about to repeat itself in a new and alarming form.

I suggest that we in this house and indeed in Canada can be grateful to those leaders in both parties who refused to take this easy way out at that time and who, as Canadians had done before them in other spheres of national development, chose the harder but the better course in this great work of nation building by following perhaps a more difficult, but a Canadian way.

I should like to briefly trace for a few minutes the development of Canadian broadcasting policy in the search for this the Canadian way, the Canadian answer to the problems that are inherent in this matter. National policy in this field of broadcasting began, as hon. members know, with the appointment of the Aird commission in 1928 and the principle which that commission adopted as its guide, on which subsequent policy was based and which, I suggest, must still be followed, was expressed by the commission

in these words which may be found in the report of that body:

In a country of the vast geographical dimensions of Canada, broadcasting will undoubtedly become a great force in fostering a national spirit and interpreting national citizenship.

In due time the report of the Aird commission appeared and it was implemented in part in 1932, but in the main in 1936, through the Canadian Broadcasting Act, which is the legislative basis for a national broadcasting policy in this country. However, one important recommendation of the Aird commission was not implemented. Private broadcasting stations were not absorbed by the government corporation, as the Aird commission had recommended, but rather were integrated into the national system, experience having shown that the private stations could perform important services as part of that national system but not if separate from or aloof from it.

Then the next stage in the development of Canadian policy in this field, at least the next stage which I venture to mention, is the report of the Massey commission, 1951, from which I have already quoted. That commission, as hon. members probably know, reviewed what was being done in this field in the United Kingdom, France, United States and in our own country. It examined complaints received from private broadcasters and it analysed very carefully—and I think myself very fairly—the public interest aspect of broadcasting policy. It restated and it reconfirmed the basic principles and practices of radio policy that had already been laid down in Canada. As we contemplate at this time possible changes in broadcasting policy I think, Mr. Speaker, it is worth recalling what the Massey report had to say in this regard because these are principles on which I think we should base our policy at this time. They are principles which are certainly accepted as the basis for policy by the official opposition. On page 283 of the report we find this, and I read these passages in hearty and complete agreement:

Broadcasting in Canada, in our view, is a public service directed and controlled in the public interest by a body responsible to parliament. Private citizens are permitted to engage their capital and their energies in this service, subject to the regulations of this body. That these citizens should be assured of just and equal treatment, that they should enjoy adequate security or compensation for the actual monetary investments they are permitted to make, is apparent. But that they enjoy any vested right to engage in broadcasting as an industry, or that they have any status except as part of the national broadcasting system, is to us inadmissible.

Then, on page 284 of the report we find this:

The only status of private broadcasters is as part of the national broadcasting system.

[Mr. Pearson.]

Then, paragraph 32 reads:

We wish to recognize fully the private stations as important elements within the framework of our national system. But we are resolutely opposed to any compromise of the principle on which the system rests and should rest. Radio has been the greatest single factor in creating and in fostering a sense of national unity. It has enormous powers to debase and to elevate public understanding and public taste. Believing as we do that it is an essential instrument for the promotion of unity and of general education in the nation, we cannot accept any suggestions which would impair the principles on which our present national system is based.

Mr. Speaker, the Massey commission in short recognized and confirmed that the responsibility of government in this field should be along the lines followed in the United Kingdom and in France but rejected in the United States. We think those principles, as laid down in that report, were sound and wise.

Then we come to the report of the Fowler commission on broadcasting set up, I think, in 1955. That was the next and the last investigation of radio and television in this country, perhaps not the last but the latest, and it was concerned primarily with the television aspects of broadcasting which had made very great strides in Canada since the Massey report. The Fowler report was presented to this house in March, 1957, shortly before parliament dissolved for a general election. That report, the latest report we have on the subject, expressed in strong and clear terms the same fear of undue and damaging United States influences in the television field, as the Massey commission, in its report had previously expressed. It pointed out that the Canadian situation vis-a-vis the United States in this field makes our position and our problem a unique one in the world, as indeed the Minister of National Revenue has already indicated to the house. It underlined that there was a very real danger in the development of television in this country of Canadian stations becoming what I might call branch plants of United States networks. Perhaps the house will permit me to read from the Fowler report one or two excerpts that deal with this point. On page 7 the Fowler report has this to say:

One of the special factors affecting Canadian broadcasting—

And I have already mentioned this. I continue:

—is the sheer size of the country in relation to its population. We have today in Canada more than 2 million television receivers, each of which is within range of one of the 38 Canadian television stations. In New York—

That is New York city, I take it.

—there are seven television stations whose signals can reach nearly 4½ million receiving sets.

Page 8 of the report has this to say:

No other country is similarly helped and embarrassed by the close proximity of the United States. Much that is good and valuable can come from this closeness; there is an increasingly rich fare of programs on both radio and television available at relatively low cost from the United States. Much of this we cannot hope to duplicate and we would be poorer if we did not have it available as part of our total program supply.

But as a nation we cannot accept, in these powerful and persuasive media, the natural and complete flow of another nation's culture without danger to our national identity.

Then, on pages 10 and 11 there are these extracts:

We cannot choose between a Canadian broadcasting system controlled by the state and a Canadian competitive system in private hands. The choice is between a Canadian state-controlled program with some flow of programs east and west across Canada, with some Canadian content and the development of a Canadian sense of identity, at a substantial public cost, and a privately-owned system which the forces of economics will necessarily make predominantly dependent on imported American radio and television programs.

On page 11 we find the following:

If we are unwilling or unable to provide quite substantial amounts from public funds—

And we know they are substantial.

—for such a broadcasting system there is little point in having any public agency engaged in the broadcasting and distribution of radio and television programs, and individual private stations will necessarily become outlets for American networks and programs. This would result not because the private broadcasters are unpatriotic citizens or because they lack a sense of Canadian consciousness or responsibility; it would result from economic pressures on the private operator which make it easy and inexpensive to import American programs and difficult and costly to produce any substantial volume of Canadian programs.

Mr. Speaker, there is the dilemma, and the principles which should underly government policy in resolving that dilemma have been laid down now by more than one commission, as I have stated, and have been followed by governments.

We on this side at this time, wholeheartedly subscribe to these principles and we suggest that there must be no weakening in regard to them. Moreover, the Fowler commission does make certain recommendations which in the opinion of the commission do not violate or weaken the essential principles that have been stated but which will in its opinion improve broadcasting, remove certain grievances and strengthen certain weaknesses in the present system.

For a few moments, Mr. Speaker, I should like to mention some of these recommendations of the Fowler commission, some of the views they expressed in their report concerning them and give you my own reaction to those recommendations and views. The first, of course, is that public control and regulation of broadcasting is an essential and proper function of parliament exercised not directly but through a state agency or regulatory body. We agree with that. We feel, as commissions that have investigated this matter in the past have felt, that broadcasting is not and in the nature of things cannot be safely considered to be an ordinary business undertaking similar to the publication of a newspaper, a magazine, a popular song or a play. Therefore it does indeed come within the public domain and must be considered in any governmental approach to it, in any parliamentary approach to it, as such.

The Fowler report points out, and rightly I think, that no one has ever argued, at least before any of the commission and I do not think before any of the parliamentary committees, against technical control, against regulations for the allocation of channels and frequencies, against measures to prevent the unauthorized use of airwaves and all that kind of thing. The argument, and it certainly has been an argument and perhaps continues to be, is over the extent to which there should be regulation and control and how that regulation and control should be exercised.

Freedom, of course, in this as in other fields of human activity is very important but the Fowler commission on page 36 of its report states that the most important freedom in this particular medium is "the freedom of the public to enjoy a broadcasting system which provides the largest possible outlet for the widest possible range of information, entertainment and ideas." We agree with that.

Mr. Nowlan: What page is that?

Mr. Pearson: That is page 36 of the report where it deals with the question of freedom in its application to broadcasting and television.

The report also states that there must be a single radio and television broadcasting system of which all stations in the country are a part and which will be controlled, regulated and supervised, not directly by government but through a delegated authority responsible to parliament and that in this national system three elements must be considered. The first is the private stations. The second is the publicly operated and controlled Canadian Broadcasting Corporation and the third element is a board, however constituted, responsible to parliament and directing and supervising the whole national system.

I should like for a moment to look at these three elements in turn with special reference again to the recommendations and views of the Fowler commission in respect of them. The first element is the private stations. The

Fowler report emphasizes, and I agree with the emphasis, the importance of the private stations in the national system. Indeed, as members who have read the report will know, and I am sure most members have, the commission was especially preoccupied with the position of the private stations with regard to television.

The report points out in this connection, and quite rightly, that a television licence today in a large Canadian city is, to use the expression of the report itself, a rich plum, and a grant of such a licence imposes a difficult responsibility on government. Furthermore, as I suppose I have already indicated in some of the excerpts I have read from the reports of previous commissions, once that licence is granted there will be a heavy economic pressure on such a private television station to become an outlet for a United States network, especially as such a station would not, I suppose, be likely to join a C.B.C. station in the same city as an outlet of the Canadian national system.

Nevertheless, the Fowler commission does recommend and makes a strong case for abandoning the single channel, as it has been called, or monopoly policy which has been followed in the past by granting in appropriate circumstances, and I emphasize those words, a licence for a private television station in cities where the C.B.C. now operates a television station. The Fowler report agrees that it was deisrable to have one station for as many areas as possible before there should be two stations in any one area but now, the commission thinks, enough progress to this end has been made to justify a change of policy.

But the commission does not stop there. It emphasizes that this change should be brought about gradually and with very great care indeed so as to avoid, for instance, the mistakes that were made in the early days of radio of duplication between private and C.B.C. stations. The necessity for care is underlined not only by the factor I have just mentioned but also by the fact that in Canada today, as hon. members know, there are only 12 very high frequency channels that are assigned to our country. Only 12 are available and that makes them, as I have already indicated, assets of very great value and very great national importance. Therefore the Fowler commission because of these considerations not only advocates care in implementing this change of policy but emphasizes that private competing stations when licensed should be subject to previously determined regulations which would require a minimum standard of Canadian program performance and which would bring them under some control in respect of such things as advertising. The commission has some very interesting sentences on this particular matter and perhaps before I quote them, Mr. Speaker, I may be permitted to call it six o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Pearson: At six o'clock I had been discussing the Fowler report and the recommendations and views in that report concerning the three elements which should constitute the national broadcasting system and the power to regulate and control broadcasting, I had indicated that the Fowler report, while agreeing that there should be modification of the single station policy with regard to television, also emphasized that this change should be brought about very carefully. Its views in that regard are, I think, both interesting and important so far as the private broadcasting element in the system is concerned. I venture to put one or two of these views on the record. For instance, at page 230 of this report, the commission had this to say:

> It has been said that available television channels not now in use are rare and precious natural resources that should be preserved for some use in the future. Because the number of unused channels allocated to Canada and practically usable at the present stage of television development is limited, we agree that great care should be exercised in granting licences for these scarce resources. But we think they should not be left idle if they can be used effectively for the benefit of the Canadian people. As with other scarce natural resources, they should not be wasted but neither should they be hoarded.

Then again, in counselling care in granting competing television licences where C.B.C. stations are now operating, at page 235 of its report the commission had this to say:

> If the level of performance practically possible under today's conditions is substantially lower than the level determined by the board of broadcast governors to be desirable, Canada would do better to wait for alternative television service.

In short, Mr. Speaker, while the commission recommended—and I have no quarrel with the recommendation—that the policy with regard to the single station for television in any one Canadian city should be modified, it also emphasized that the implementation of this modification should be made with great care.

I now want to say a few words about the second, the public element in the national broadcasting system, which is the Canadian Broadcasting Corporation and which has, as

we all know, special responsibilities for operating its own stations in the national interest and at present for controlling the whole broadcasting system in this country. This latter function is, of course, a more controversial one. In its report the Fowler commission confirms the good record of the Canadian Broadcasting Corporation without suggesting that it is perfect or has been perfect or has not made mistakes or indeed that it cannot be improved. At page 127 of its report the commission has this to say:

Despite a good deal of propaganda directed against the C.B.C. and the Canadian broadcasting system, the results of all past inquiries have been remarkably consistent in giving general approval to Canada's performance and achievements in this field, and it will be seen that the present commission is no exception to this trend.

We on this side of the house also feel that the record of the Canadian Broadcasting Corporation over the years has been good, that it has made a distinguished contribution to national development and has operated in the national interest. If that is the case—and I think it is the case—then I think we owe a great debt of gratitude to the chairman of the board of governors of the Canadian Broadcasting Corporation, Mr. Davidson Dunton, who has recently resigned, for the work he has done over the years and for the tact, wisdom, patience and intelligence he has shown in a job which, it seems to me, in complexity and difficulty is second to none in our country. I should like to pay my tribute to the work he has done in this capacity since he was chosen for this position a good many years ago. I am sure he will be missed by the corporation.

It seems to me that the corporation, by its record, stands up well in comparison with broadcasting companies or corporations, public or private, in any other country. It certainly has had to face some terrific problems. Some of these are inherent in the nature of broadcasting. Some of them are peculiar to broadcasting in this country where there are, as I tried to point out this afternoon, some special difficulties. Some of them arise out of the almost furious pace of growth and development in Canada to meet the desires or indeed—and I do not think it is an exaggeration to say this—the demands of the Canadian people.

I suppose it is true to say that growth in the field of television has been faster in Canada than in any other country in the world until today we have reached a position where, so the Fowler report tells us, 97 per cent of the Canadian population are covered by radio and in the space of a very few years 80 per cent of the people are covered by television. Indeed, in four years, I think it is, the number of television sets in this country has increased from a few hundred to 2.3 million. No wonder there were, and still are, headaches and growing pains in broadcasting in Canada. I suppose these are increased or are to be increased by the desirability of raising the figure of radio coverage to approximately 100 per cent and television to the objective laid down in the Fowler commission report of at least 90 per cent.

Attaining that latter figure of 90 per cent of our people to be covered by television will be a difficult and expensive proposition under present conditions; and, as the report points out, it will require the establishment of a number of Canadian low-power repeater stations in areas which are not now reached by television but which should be reached by television. The Fowler commission also makes the point, and it is one surely which we can all support.

The Canadian Broadcasting Corporation . . . should have its task clearly defined,—

I quote from the report at page 160:

—should know the limits beyond which it is not expected to go, and should have the means and the power to discharge that task within those limits.

That brings us to the very core of the problem, as I see it, namely the responsibilities and the resources of the Canadian Broadcasting Corporation. At present it certainly has definite and very large responsibilities for the provision of national programs and for ensuring that the whole system, public and private, shall be truly national and be guided in its operation in all sectors by national considerations.

For that purpose the corporation has been given certain general powers of regulation and control of the whole system, with which I will try to deal when I come to the third element of the system. For that purpose, even if changes are made in the present system with respect to responsibility for control the Canadian Broadcasting Corporation requires and will continue to require not only large funds with which to meet its obligations but surely it should also have some assurance of the receipt of what it will require over several years, certainly over a longer period than one year. The reconciliation of this requirement and this assurance with considerations of strict economy and parliamentary control is a very difficult problem indeed and one which, I assume, is before the government at the present moment.

I am always very happy indeed to help in the search for any solution of any problem and perhaps what I have to say about this may be of some assistance to the minister in this regard.

Radio and Television

There is no doubt in anyone's mind about the mounting cost to the treasury of the discharge of the responsibilities I have mentioned; there is no doubt about our desire as members of parliament to keep these costs down to the minimum required for the effective discharge of the policies we have laid down. In last year's estimates we voted approximately $27 million for broadcasting and another $16 million for statutory expenditures —approximately $42 million in all—and in this year's estimates the government is providing for $49⅓ million and $12 million statutory expenditures which are provided by the excise tax of 15 per cent on television sets and parts. That is a very large sum of money; something over $61 million in our estimates for broadcasting in Canada.

Some time ago the Canadian Broadcasting Corporation estimated—and this perhaps puts the figures in proper perspective in terms of the services performed—that the cost of television was about $15 per television home per year and that it had been running pretty close to that, though I suspect it will soon be above that figure. However, I venture to say that perhaps no expenditure of $15 per home could bring so much in the way of information, enlightenment and entertainment. I personally felt last night, when watching television for one hour, from ten o'clock to eleven o'clock, that I got back a good proportion of that $15 in that one hour. Therefore we should not begrudge the corporation the necessary amount of money to enable it to do its job, provided that that job is well effectively and economically done. That of course is the question.

It seems pretty clear that if broadcasting services—radio or television—increase, the cost is of course going to increase also. Indeed I have suggested one respect in which these services may perhaps have to increase in extending the television coverage to a greater part of this country. It is also clear that if these extensions are made the Canadian Broadcasting Corporation cannot do its job without some assured and firm basis for its operational and its capital financing.

The Fowler report gives its own estimate of the amount of money which will be required over the period of years up to 1962 and those figures are very, very large. I believe they include the extension of television hours, which may not be as essential as some other changes; the introduction of colour television, which may not be too essential at this time, and the extension of television coverage to 90 per cent, which perhaps is more important than the other two changes.

I come now to the third and last element of this national broadcasting system, that of control and regulation which is now vested in the chairman and board of governors of the Canadian Broadcasting Corporation. Strong exception has in fact been taken in this house to one operating agency, namely the C.B.C., having too much power over other operating and competing agencies, namely the private stations. In other words, that the corporation in these matters of regulation and control is taking the position—and it has been put this way in this house—of both judge and jury.

In my view, from the study I have been able to give to this question, the present system has not worked too badly in practice. I do not think the C.B.C. has abused its powers but I am inclined to agree that the principle, as a principle, is open to some objection. The Fowler commission presumably came to the same conclusion because they recommend a change in this regard without however—and I think this is important—compromising the essential principle that one national system should be ensured. To reconcile that principle with the change which it thinks desirable the commission recommended in its report a separate board, of what it called broadcasting governors, to consist of fifteen members appointed for five-year terms, at least one of whom would be from each of the five major regions of Canada. It is not, in this recommendation, to be a board like the board of transport commissioners, which is a full-time official board. It is to be a part-time board and even the chairman is to be a part-time appointee. Naturally he and the other members of the executive committee would have to spend more time in Ottawa than would the remainder of the board.

The report emphasizes that the membership is to be highly qualified and is to be independent of the government in the same way as, say, the board of directors of the Bank of Canada are independent of the government. I certainly agree with the commission in this respect. Independence is stressed as being essential in the recommendation made both with regard to public and private elements of the system would be responsible to this board of broadcasting governors which would in its constitution, its functions and in its authority be quite apart from the Canadian Broadcasting Corporation; it would, as I understand it, itself have no operating responsibility but it would have control over the national system and over broadcasting policy. It would be responsible for making and enforcing regulations. In exercising this control, in its supervisory functions and, in enforcing minimum standards of performance, the board—the report says—should not be rigid or unduly interfering or attempt to interpret the public interest in too limiting and narrow a manner. I think that is a very

wise safeguard, as are those safeguards recommended against an unfair exercise of regulatory functions. In my own view, and I think in the view of a good many people who have studied this matter, it would be a mistake if we changed our broadcasting policy so that we had two boards, one the kind of board I have been mentioning and another board for the C.B.C. itself; in other words, one as at present, which would be concerned with programs and performance of the C.B.C. alone and a second board which would be a small full-time board concerned mainly with licensing new radio and television stations, increases of power for stations and such things, but without the authority to control standards of current performance or excessive commercialism in the whole system.

I am suggesting we should be making a mistake if we left the C.B.C. under its own board and then attempted to set up a full time board concerning mainly with licensing problems and only in a secondary way with the control and regulation of the whole system. It seems to me two such boards of that kind would be wasteful and overlapping. On the other hand, one small full-time board—I will compare it with the board of transport commissioners though the analogy is by no means perfect—with all the power to regulate and control might, in my opinion, prejudice the national system, based as it is on the special responsibilities of the C.B.C. and the prior position of the C.B.C., because of those responsibilities, in that system, which in my view should be maintained.

On the other hand, the role of a part-time independent board of broadcast governors would not be primarily administrative or technical but, within existing legislation, would keep broadcast policy in line generally with public opinion and protect the public interest in this vital matter. That is the kind of board we on this side of the house would prefer.

In conclusion, may I say that we approve in general the recommendations of the Fowler commission and we feel they might well form the basis of any new legislation on the subject, and I say that without accepting them in all their detail. The attitude of the official opposition on this most important problem can be summed up by the following broad principles of policy. In the first place, we feel that private radio and television stations have an important role to play in the field of broadcasting in Canada, not as an independent network but as a part of a single and integrated national system operating under the control and supervision of a public regulatory body to make sure—and I am quoting now from the Fowler report—that programs are responsive to Canadian needs and adapted to Canadian conditions and that the public rather than any private interest should prevail.

In the second place, the C.B.C. must continue to play a dominant role in our national system of broadcasting. In order to be in a position to perform that function effectively it must be completely free of government interference and be ultimately responsible only to parliament; it must also receive adequate funds, not merely on a year-to-year basis but, subject always to parliament control, in such a way as to be able to plan in advance the development of its services.

The proper operation and development of such a national system of broadcasting will be costly and will involve increased public expenditures in the future. It is imperative that we should be prepared to meet this responsibility if we want to grow and develop as a distinct nation. I should like in this respect to quote the very sound and serious warning given to us all in this house by Michael Barkway in a C.B.C. capital report on June 29, 1958:

> Nationwide television will probably involve costs proportionate to the unique contribution it can make towards developing and informing a Canadian point of view. If ever we decide it is not worth the price—that we could get along just as well with free American programs—then it will be high time to put your money elsewhere and prepare to abandon ship. There are quicker ways to destroy Canada, but none more decisive: because this would mean declaring that we don't really care any more.

It is important that the position of the government on these matters and particular in regard to the recommendations of the Fowler commission should be stated clearly, and stated soon. Delay and doubt about this matter is creating difficulties and uncertainties in this field. The Fowler report has been in the hands of government for well over a year. Where does the government stand on it? Is, for instance, the board of governors of the C.B.C. being abolished by default? The announcement in the speech from the throne has only added to this uncertainty, especially in the light of past statement, because it says merely this:

> There will be placed before you a proposal to establish a new agency to regulate broadcasting in Canada and to ensure that the Canadian Broadcasting Corporation and the privately owned broadcasting stations work effectively together to constitute a national system to provide satisfactory television and radio services to all Canadians within reach. Related amendments to the Radio Act will also be proposed.

We think that this parliament, many weeks after that speech from the throne was

delivered, is now entitled to a clear statement of government policy with regard to the implications of that paragraph. By moving this amendment we hope to get that statement from the government, and therefore I move, seconded by the hon. member for Laurier (Mr. Chevrier) the following:

That all the words after the word "That" be deleted and the following be substituted therefor: "this house regrets the government has not yet presented its proposals for the regulation and financing of radio and television broadcasting and thereby removing the uncertainty as to the future of public and private broadcasting in Canada.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group listened with a great deal of interest to the excellent hour and twenty minutes speech made by the Leader of the Opposition (Mr. Pearson) on this most important question.

I must say that one frequently has the experience, listening to a person making a good speech, of realizing that he is in effect stealing your thunder and some of your lightning, if it can be termed as such. Therefore during the dinner recess, I have had to reorganize my remarks to some extent, and one can readily understand that in this humid atmosphere one is not inclined to labour very vigorously in the vineyard of material and notes and things of that sort for material to replace material one intended to use earlier in the day.

We were very pleased at the explanation made by the Leader of the Opposition with respect to the history, the purpose, the achievements and the record of the C.B.C. I thought personally that he made a very good job of his outline of those subjects and also of his exposition of the value of the C.B.C. in promoting Canadian culture, in promoting Canadian identity, Canadian unity and, in the right sense a Canadian national consciousness.

I am sure that in that part of the speech of the Leader of the Opposition we in the C.C.F. can heartily concur. We agree also with his references to the value of the Canadian Broadcasting Corporation to, as it were, weld together the various races in Canada and to bring together Canadians from east to west.

I also noticed, on keeping a very close eye on the Minister of National Revenue (Mr. Nowlan), that the remarks of the Leader of the Opposition did not seem to cause him any undue pain. I would assume that if the Minister of Finance (Mr. Fleming) had been here the best he could have done would have been to have given us one of his pallid smiles from time to time.

As we in this group do not believe in repetition—

[Mr. Pearson.]

Some hon. Members: Oh, oh.

Mr. Herridge: — I shall not reiterate the points in the speech of the Leader of the Opposition with which we in the C.C.F. agree—

Mr. Pickersgill: That statement was worthy of the Prime Minister (Mr. Diefenbaker).

Mr. Herridge: —and I am sure that the members of the C.C.F. realize that I always speak with a certain penury of language.

Mr. Nasserden: Mr. Speaker, I rise on a point of order. On a number of occasions hon. members in the C.C.F. have made reference to notes and readings. I wonder if the hon. gentleman could dispense with reading?

Mr. Winch: Mr. Speaker, I suggest the hon. member come right over here and see whether or not the hon. gentleman is reading.

Mr. Herridge: Mr. Speaker, the hon. gentleman by his question clearly indicates that he is a novitiate in this house. The notes and readings to which I refer are in my office and were prepared after a very hurriedly eaten dinner in order to try and have something worth while to say following the Leader of the Opposition.

Mr. Speaker: I take it that the point of order which was raised by the hon. member for Rosthern (Mr. Nasserden) has been satisfied by the assurance of the hon. member for Kootenay West (Mr. Herridge) that he is not reading.

Mr. Herridge: Mr. Speaker, if the hon. gentleman could see my notes he would think a chicken with wet, muddy feet had tracked across the page. Before proceeding further I think I should join with the Leader of the Opposition in expressing our admiration for the valuable services rendered to the Canadian Broadcasting Corporation over a period of 12 or 13 years if I remember correctly and also to the Canadian people by Mr. Dunton. It was not an easy task to be at the head of that organization and I am convinced that it was not made any less easy at times by the vigorous criticisms of some of the hon. gentlemen who now sit on the government side of the house. We wish Mr. Dunton every success in his new undertaking as president of Carleton University.

Throughout the years the question of the C.B.C. is one that has drawn a great deal of attention in this house and provoked much interest and comment in the country. That has been indicated by the fact, if I remember correctly, that there have been 13 parliamentary committees over the years studying the administration of the C.B.C and some

three royal commissions. The Aird commission was the first in 1928. The Massey commission also made a study of the Canadian Broadcasting Corporation and the latest, the Fowler commission, reported on the subject in 1957. I am not going to repeat what the Leader of the Opposition had to say with respect to the Aird commission. We in this group agree with most of his comments in connection with that commission. However, I do wish to refer briefly to some of what we consider were the inadequacies of the Massey commission with respect to its report in so far as it referred to radio broadcasting and we must all realize that the situation has changed a great deal since the time of that report.

While it was an excellent report and covered the field quite comprehensively under the circumstances that prevailed at the time there were three major omissions in the Massey commission report from the point of view of this group. The first was that it failed to suggest that higher standards should be required by private stations. We in this group think that is a question that should be given very serious consideration by this parliament and those that are charged with the responsibility of administering radio in Canada. We also do not believe that newspapers should be given radio or television licences and the Massey report failed to mention that.

The third suggestion omitted from the report which in our view would have been worth while and necessary was that the board of governors be more qualified. I am not making any undue criticisms of the board of governors and their services in the past. The experience of the Canadian Broadcasting Corporation in radio and television throughout the years has been evolutionary. We feel that the board of governors should be more qualified to analyse and understand programs, administrative procedures and to understand to a greater degree than was possible in the past the very complex technical difficulties that are related to making decisions in respect to radio broadcasting and television.

Mr. Macdonnell: Mr. Speaker, would the hon. member permit a question? Would the hon. gentleman tell the house what he contemplates when he postulates this high degree of technical knowledge and so on?

Mr. Herridge: We would not suggest that all the board of governors should be qualified technicians but we do think that those who have charge of the administration of radio and television in this country and who make the policy decisions should have included among their numbers some people who because of their technical knowledge and ability, divorced from the direct administration of the organization, have some degree of technical competence to pass on some of these very complicated and difficult problems particularly when it comes to the question of applications for two stations in one city or the necessary things that are required to give radio coverage in certain areas and questions of that nature.

With respect to the report of the Fowler commission I—or rather, we in this group—think it is most comprehensive. I am not very much given to saying "I" but one slips into the habit and when speaking on a subject like this I want it understood that I am speaking for the members of this group. We are not given to putting ourselves forward as individuals. We submerge our personalities to the common good, you know.

Mr. Pickersgill: The hon. member is becoming more like the Prime Minister all the time.

Mr. Winch: He will be there some day.

Mr. Herridge: This report indicates that the commission made a very thorough and exhaustive study of the subject. The report also indicates the very widespread support for the C.B.C. that exists in this country. In that connection I wish to refer to a bulletin that was sent to my office by the Canadian broadcasting league which has lately been revived, as I understand it. The bulletin contains a paragraph which refers to national support for the Canadian Broadcasting Corporation and which reads as follows:

> The report of the royal commission on broadcasting 1957, signed by R. M. Fowler, president, Canadian Pulp and Paper Association; Edmond Turcotte, ambassador; and James Stewart, president of the Canadian Bank of Commerce, states (page 11):
>
> "The overwhelming weight of evidence submitted to us—compelled us to report that Canadians wish to have a Canadian broadcasting system . . . want to keep some part of their broadcasting fare Canadian, and are willing within reason, to pay for it."

My comment in this connection would be that there is clear evidence of the value of the work that has been done throughout the years by those who have been charged with the administration of the Canadian Broadcasting Corporation. The second point in this bulletin reads:

> Some 245 organizations representing over six million Canadians submitted briefs of many points of view; but:
>
> "there was virtual unanimity in favour of a Canadian broadcasting system, supported by moneys from the federal treasury."

Then, this report goes on to list a number of organizations that made representations to the commission and I find eight national religious organizations, and then some 10

French-Canadian organizations, universities and various well known French-Canadian societies, and some 10 labour organizations, headed by the Canadian labour congress; some 9 women's organizations, such as the national council of women of Canada, the Canadian federation of university women, the I.O.D.E., women's institutes, and so on. I am very pleased to see that because I think it is a good omen that the women of Canada should commence to take a great interest in a subject such as this.

Then, I come to agricultural organizations; I see 12 are noted, several of them of national scope, the Canadian federation of agriculture, the co-operative union of Canada and so on. Then, we come to organizations representative of music, drama and the arts, and here we find nine organizations, including the Canadian arts council, the national ballet guild, the Canadian council of authors and artists, the dominion drama festival, the Canadian league of composers, and so on.

Then, interestingly enough, we have eight private radio broadcasting stations, apparently making representations in support of the C.B.C. as the publicly owned body representing the people of Canada to carry on radio, and then some 16 educational organizations such as the Canadian home and school and parent-teachers federation, Canadian association for adult education, national advisory council on school broadcasting and so on, and several of the universities across Canada including this list.

I think, this indicates very clearly that while as the Leader of the Opposition said, there is no organization or group that does not make mistakes under very difficult conditions where we have had this development of television, a very expensive medium of communication in recent years, changed technical conditions, procedures and things of that sort, the C.B.C. has done a wonderful job in this country, which is recognized by the Canadian people as a whole.

I am going to speak very briefly, Mr. Speaker, because as I said before I do not want to repeat what was said by the Leader of the Opposition. This report does make some very concrete recommendations, the first of which on page 13 is as follows:

> That the mixed Canadian system of public and private ownership is here to stay.

One would almost think that that was taken out of the C.C.F. program, Mr. Speaker. Here is a demonstration of the workability, the efficiency and the public accord given to a mixed economy, the first step in that direction on a national scale. Recommendation No. 2 reads:

> That the state agency may grow, as Canada grows, but its functions are not to be extended to do the whole job of providing radio and television services to Canadians.

Quite rightly so. We have found this mixture of public and private enterprise in Canada on the basis of the C.C.F. proposals in this direction throughout the years very suitable indeed. We suggest the necessary direction and control of major policy, but still leaving flexibility for local initiative, local control, and things of that sort.

The third recommendation reads:

> That private stations should individually be required to justify the continued grant of a valuable public franchise and that some may lose their licences because of a shabby performance, but private operators should stop worrying about the bogey of nationalization that has filled them with suspicion and fear in the past.

We in this group do not see much to object to in this paragraph. The fourth recommendation reads:

> That, for the foreseeable future, we will continue to have a single broadcasting system in which all Canadian radio and television stations, public and private, present and future, will be integral parts, regulated and controlled by an agency representing the public interest and responsible to parliament.

One would almost think that this paragraph was written at the C.C.F. national convention. You know, Mr. Speaker, it is strange when somebody else says these things and writes these words. Then, such words as "control" and "regulate" are perfectly respectable, but if we should include such words in a portion of our program or of our manifesto, or things of that sort, the challenge of dictatorship, tyranny and all the rest of it is immediately hurled at us. Therefore, you can see that once again, Mr. Speaker, the members of the other parties in this house and even distinguished people employed by the government in this country on behalf of Canadians are infected by the language, the philosophy and the outlook of the C.C.F.

Mr. Macdonnell: Infected?

Mr. Herridge: "Inoculated" would be a better word, yes, but against the diseases of decadent capitalism.

I have dealt with these four recommendations but I am having some difficulty deciphering the scratches on my paper. I now want to deal briefly with government policy as it has been foreshadowed to a limited extent by the remarks of the Minister of National Revenue. The speech from the throne dealt with a proposal to establish a new agency to regulate broadcasting in Canada and to ensure that the C.B.C. and privately owned stations worked effectively together to constitute a national system to provide satisfactory television and radio services to all Canadians within reach and to set up a select committee on broadcasting.

I have a memo here on points from the address of the Minister of National Revenue, who is responsible for the C.B.C., delivered on June 3, 1958, at page 812 of *Hansard*. This is one that really butters it up. Honestly, Mr. Speaker, while the Minister of National Revenue has the somewhat exterior appearance of a Conservative, I am of the opinion that if you penetrated, shall I say, his political hide to a slight extent you would find the warmness of heart and the forward-looking view of many C.C.F. members.

Mr. Pickersgill: It takes only one bad apple.

Mr. Herridge: He said:

I think the service which will be given by the C.B.C. to the people of Canada will be one of which all Canadians can be well and truly proud. I want to assure the house . . . that the government and the C.B.C. are conscious of the responsibility which rests upon them, the government to supply the money and the C.B.C. to supply the service. It is my belief and conviction that the C.B.C. will continue to develop this service and provide even a better one than it has previously. I think it is generally recognized . . . of our radio programs that the standard and quality of the C.B.C. will compare favourably with any radio network or any radio system in the world.

We say, "hear, hear" to those sentiments. We are all very glad to hear the minister speak in such proud vein of this publicly owned, controlled and regulated organization and authority. I continue:

In the United States of America there are three television networks, and . . . none of them, as networks, are making much money, if they are breaking even. The United States of America has a population of . . . 170 million. We have a population of . . . 16½ million. We have a national network for television and . . . a French network for television. In other words, we are maintaining two television networks with a population of 16½ million whereas the United States of America is finding great difficulty in maintaining three networks with a population of . . . 170 million. I say therefore that on the whole we are not doing too badly.

I am very glad the minister brought that fact very clearly to the attention of the house. Here is another quotation from the minister's speech:

There has been a great deal said about competition, and I think this should be put on record for the benefit of the C.B.C. In the United States of America, . . . 55 per cent of the area of the United States, has available to it only one television station. In other words, these areas have no competing stations . . . over 55 per cent of the area of the United States of America has available to it only one television station, if any.

That is in the land of the ultimate of free enterprise.

6. —the former government provided enough money to operate the C.B.C. until last October. . . . As a result, the first thing that had to be done last fall was the provision of a vote to enable the C.B.C. to carry on for the balance of the year. This we did.

7. We have provided several million dollars more this year than has ever been provided before for the C.B.C. The service is being expanded as rapidly as possible. . . . there has been criticism of the government for having made too much money available to the C.B.C. I do not subscribe to that for one moment.

There is the progressive approach of the minister coming out in that sentence. I wonder what the Minister of Finance thinks of that sentence uttered by the Minister of National Revenue.

Mr. Pickersgill: Or of the rest of the speech.

Mr. Herridge: I continue:

8. There has been some suggestion that the C.B.C. has failed to do something; that is simply arrant nonsence. The C.B.C. has not failed or refused to do anything. The C.B.C. has been spending the money which this parliament has made available to it and spending it to the very best effect possible.

We in this group say that that is the best speech made by a Conservative member of the House of Commons on radio broadcasting and television for a good many years.

Mr. Nowlan: Why qualify it?

Mr. Herridge: Before I conclude with my more or less general remarks—

Mr. Walker: Let us have your speech. We have heard the minister's.

Mr. Herridge: I wanted the minister's because I thought it was worth repeating. I think all good things are worth hearing twice. May I say that I think the hon. gentleman is a bit too touchy. I might tell him right now that during the dinner recess a number of his colleagues spoke to me and said that he was rather rude to us in this group earlier in the day.

Mr. Walker: Mr. Speaker, may I reply that it is about time the hon. member's group knew the truth about themselves. They are getting it now and they are going to get it from now on.

Mr. Pickersgill: Surely that is not a point of order.

Mr. Speaker: Is the hon. member rising on a point or order?

Mr. Walker: I have made my point, Mr. Speaker, yes. I am very fond of the hon. gentleman opposite—

Some hon. Members: Order.

Mr. Speaker: I think the hon. member might show his fondness by letting the hon. member for Kootenay West finish his speech.

Mr. Herridge: Mr. Speaker, you often come to our rescue in the house with words of wisdom. I want to refer briefly now, and I must lay a foundation of fact, to a memorandum submitted to the Minister of National

Revenue by the council of broadcasting unions, C.L.C., which I understand represents about 30,000 employees directly related or employed in broadcasting and television. I am not going to read the whole memorandum but I do want to read one paragraph because I think it puts very clearly and well certain attitudes which we in this group support. On page 2 of the memorandum we find the following:

> For we find that the report upholds the validity of the basic policies of our national broadcasting system as developed and defended over the years by responsible Canadians of all parties and of all walks of life. And we believe that a new government, enjoying as it does a very general mandate for the advancement of things Canadian, will not fail to see the wisdom of maintaining and strengthening that single system, for the sake of the greater development of national unity, understanding and culture in the broadest sense of that word.
>
> We are aware that broadcasting is a complex field, and that its complexities have been deliberately exploited to mislead the well-meaning. Even without the shrill voice of a small and well publicized pressure group, it would be no surprise if many members of the new house were misled by a surface knowledge of apparent facts. Not every Canadian can be privileged to sit on a royal commission on broadcasting. But three royal commissions and thirteen parliamentary committees have reviewed the facts with care over the years. Their findings as to the fundamental facts of Canadian broadcasting have been essentially the same.

I was very interested to note that they made that point because anyone who reads the reports of the committees and the royal commissions will see that that point is very clearly demonstrated.

> The latest royal commission reports that 245 organizations representing some six million Canadians addressed briefs to the latest royal commission. Their views were virtually unanimous and are accurately reflected in the report.

This memorandum is very well drafted and we have been very interested in getting the views of those persons who are directly employed in the industry. I suppose I must get along. I see the hon. member for Rosedale fidgeting again. We in the C.C.F. look on the C.B.C. as a cultural dike, as it were, against United States monopoly of the air in Canada. We look upon it as a great force for the understanding and development of Canadianism in its true sense.

I want to make a comment or two about the private stations before I conclude, even to the discomfort of the hon. member for Rosedale. Many private stations have performed excellent community service but a very interesting thing about them is that there is a very great variation in the service performed by private stations in Canada. In one community you find a private station giving a lot of free time for community purposes, carrying the major C.B.C. news reports and taking a good number of C.B.C. programs.

In other places, particularly the smaller towns and cities, the private stations in our opinion are evading their responsibility to quite an extent.

As the Leader of the Opposition said, the radio and television field is a very lucrative one. It is a plum because franchises can only be given to a limited number of corporations or individuals. I and the other members of this group have repeatedly noticed that while the private stations are great exponents of free enterprise in its purest and should I say, therefore, its mythical form, they are very much opposed to competition coming into play when it is a question of another private station getting a licence in a particular city or town. I hope that the C.B.C. and the authorities who regulate the C.B.C. in the future will pay more attention to that aspect.

I also think that the private stations should be required to carry a minimum quantity of C.B.C. programs, that is, a minimum quantity of C.B.C. news and also provide a definite minimum quantity of community service. I know what happens with some small private stations in this country, as I am sure many other members do. I am speaking particularly of British Columbia because I rarely hear the news here since I am so occupied in the house, in my office and in other ways in Ottawa. I mean other Ottawa offices. I very seldom hear the news here but in British Columbia we will often get the C.B.C. eight o'clock news and then we will get Mulligan's Paint Shop news at noon and Tom Jones Sport Goods news at seven o'clock and so on. I think the private stations should be required to carry at least two or three of the daily national news summaries. I understand it is more profitable to carry a local news report but sometimes they are very poorly drafted. Generally speaking, no newscasters in Canada can excel the C.B.C. announcers for objectivity, enunciation and conciseness in reporting on world and national news. As I said before, Mr. Speaker, this mixed economy of radio and television has worked very well indeed and can be improved.

While I have spoken briefly about national policy and the national aspects of the situation, I want to deal for a moment or two with local needs. The minister knows what I am getting at. I never speak on this question without thinking of the miners, lumbermen, prospectors, trappers, the people who live in the backwoods in numbers of constituencies in Canada and who to date because of certain circumstances have been denied the opportunity to listen to Canadian radio programs on any satisfactory basis. In that connection the Fowler report mentions the

necessity for some 74 low power relay stations across Canada, if I remember the number correctly. I do urge the government to give early consideration to the needs of these people and their requests by the establishment of low power relay stations.

In conclusion, Mr. Speaker,—and I see a smile coming over the face of the hon. member for Rosedale (Mr. Walker)—while we in the C.C.F. admit that we cannot see into the future in all directions, although we have been proved to be correct many times in this house, there are changing conditions and circumstances that will require change in administration and changes in procedures and things of that sort. We recognize the good work that has been done by the C.B.C. in the past and therefore fundamentally, while there may be changes in administration to meet changing conditions, the excellent work of the administration and the procedures used today. We want the C.B.C. in the future to be given every opportunity to meet the needs of all Canadians in Canada for satisfactory radio and satisfactory television. We want an effective and fair administration which will demonstrate, as I said before, the value of the mixed economy in radio and television and, shall I say, the basic soundness of C.C.F. principles in this direction.

I now come to the conclusion of my address. I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That the amendment be further amended by adding thereto the following words:

And this house further regrets that the government has not declared itself in support of the maintenance and expansion of publicly owned facilities in the field of radio and television.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I rise at this time to support the amendment which was made by the Leader of the Opposition (Mr. Pearson) earlier this afternoon and which in effect was critical of the government for the delay in bringing down its policy with reference to the operation, regulation and control of radio broadcasting and television in Canada, at the same time regretting the fact that there was no attempt by the government to remove the uncertainty in this field as to the future of radio and television broadcasting in Canada.

To those of us who sit on this side of the house it is surprising that the government has thus far not seen fit to announce its policy in that regard. As a matter of fact, in this important field of telecommunications, the government has been strangely silent. Still, Mr. Speaker, when they were on this side of the house, they were highly critical, not only of the Canadian Broadcasting Corporation but more particularly of the government and its policies with reference to the manner in which this field of communications was handled. They were bitter and sometimes violent in their criticism. Now that they have the responsibility of office they are, as I said earlier, silent. They have been in office now for over a year and it seems to me that in that time it would have been possible for the government to bring down a policy which was tantamount to what had been recommended by the Fowler commission.

It is true, on the other hand, that this is a field which is highly technical in its nature. It is a field with which the average individual or—and I am sure I am not casting any reflection on members of the house when I say this—the average member of parliament is not too conversant unless he has had an opportunity of reading carefully the various reports. However that may be, the government has before it at the present time a very comprehensive and thorough report which was read in part by the Leader of the Opposition. I refer to the report of the Fowler commission on broadcasting. Some very timely recommendations were made by it. Therefore in my opinion there is no reason why up until this time there should not have been some positive statement from the other side of the house.

This afternoon we had the opportunity of debate on a motion to extend the sittings of the house and the Prime Minister (Mr. Diefenbaker) at that time indicated that he intended to bring down legislation that was mentioned in the speech from the throne. It strikes me also that this extremely important legislation having to do with this field of telecommunications is legislation which should have been brought down earlier, that it is legislation which, because of its importance, should have been considered not in the dying days of the session but during the earlier part of the session.

The procedure in the application for radio and television licences in Canada is as follows. An application is made to the Minister of Transport (Mr. Hees) by either an individual or a corporation seeking the establishment of one or other of these media. If the application is found to be in order from a technical standpoint; if the application, after it has been considered by the officers of the Department of Transport, is found to be in order; and if it is also approved from other telecommunications aspects, it is then sent to the Canadian Broadcasting Corporation for study and consideration. The Canadian Broadcasting Corporation at a public hearing considers the briefs that are from time to time made to it in public, then makes

a recommendation to the Minister of Transport who, under the statute, has authority to issue and grant the licence.

The main requirement for a station is, of course, a frequency or channel. These frequencies or channels, as they are called, belong not to any individual and not to any group. They are part of the public domain. They are the property of the Canadian people and as such they should be developed for the use of all Canadians, not just for the use of a small number of individuals and not just for the use of those who are anxious to make a profit or those who are anxious to make a killing at the expense of the public domain or at the expense of this natural resource.

I should like to say a few words also about the principles which I think are at the basis of a sound television policy. First, however, let me say that the development and growth of this nation has been the result of a partnership between private enterprise on the one hand and public ownership on the other. The outstanding examples of this, of course, are the Canadian National Railways and the Canadian Pacific railway. There was a time when the railway lines of what is today the Canadian National Railways were in an extremely unsound position financially or were in bankruptcy and parliament, because of the fact that it desired to save these lines established the crown company and granted to the Canadian National Railways the power to develop and operate the non-paying lines. It was because of the attitude of parliament at that time that it was possible to assist those lines by means of public ownership under the aegis and jurisdiction of the Canadian National Railways and at the same time to assist the privately-owned Canadian Pacific railway.

The same thing can be said in the field of aviation. There the parliament of this country decided that it would be well to have a national air line and to assist that national air line, in the form of Trans-Canada Air Lines, to operate essential services, not only across our country but to other parts of the world. While that was being done on the one hand aid was continuously being given to private enterprise to operate air lines in our country.

The same applies to the Canadian Overseas Telecommunications Corporation, a crown corporation established by this house some years ago. It has been operating successfully in the field of telecommunications, submarine cables and of Marconi wireless, side by side with private enterprise. Rates for carrying goods and persons have been set by a public body to ensure the best possible service to the public and at the same time to ensure that the facilities themselves could remain in existence in order to bind our nation together.

The history of our nation indicates that public ownership and private enterprise have succeeded side by side. There have of course been struggles but in the long run national interest has won out. The partnership of private and public enterprise has been successfully carried on though at times, not without some acrimony. However, if we are to continue to grow this partnership must be maintained in the field of telecommunications, and particularly in the field of radio and television. That is our view on this side of the house; we believe it is the only way in which we can have a Canadian nation.

In the early days of radio there were many patriotic Canadians who were fearful lest control of broadcasting should fall entirely into the hands of United States chains. This was not because of anti-United States sentiment or because we did not like United States broadcasting—there is much to commend United States stations—it was because we wanted the greater part of the Canadian broadcasting system to be of Canadian origin and content.

The Canadian Broadcasting Corporation has contributed a great deal to the keeping of this country definitely and distinctively Canadian, and we owe a tremendous debt of gratitude to the corporation in that respect. Had it not been for the Canadian Broadcasting Corporation monopolies in the field of radio from the United States would have moved in and, I am sure, would have taken control. Here we have a nation of 17 million people living alongside a nation of 170 million people, which speaks the language of our majority and is rich, inventive and has a highly developed broadcasting system of its own. No other country is similarly helped and embarrassed by the close proximity of the United States to use the words of the report of the Fowler commission on radio broadcasting. The natural flow of trade, as that report says, as well as of travel and of ideas, runs north and south. We have tried to make it run, in some part though of course not all of it, east and west. This we have tried to do at considerable cost, but we have been willing to do it because it has meant the maintenance of Canadian programs, the maintenance of our way of life and the maintenance of a Canadian nation. The result has been the retention of a Canadian identity, art and culture and, in essence, the maintenance of Canadian nationhood.

That is why I said earlier, and now repeat, that we are deeply indebted to the Canadian Broadcasting Corporation for its contribution in this field. It has succeeded in avoiding

a condition in the fields of radio and television which was feared by many citizens when this medium of telecommunication began; it has succeeded in avoiding a condition which was referred to in an editorial appearing on April 13, 1932 in the Winnipeg *Free Press* which I should now like to quote to the house:

> The radio issue now being decided at Ottawa is quite simple and very easily grasped. There is a choice between a national system and the handing over of the radio-supporting public of Canada to the radio monopolies of the United States. All the pleas put forth on behalf of private control of radio in Canada, no matter how plausibly presented, nor how strongly backed by eminent figures in the world of finance, are in support of a system which, in its practical working out will make Canada a subordinate annex of the United States radio-land and give the final (if concealed) voice in the decisions of how radio is to be operated in Canada to purely commercial interests, American in character.
>
> The day of the small detached and supposedly independent radio station is about over in Canada. If the field is left to private enterprise, there will be rapid consolidation of these stations into a combination. We shall have a privately-owned monopoly of the air, and this monopoly will operate in harmony with the great radio monopoly of the United States—the harmony that always exists between the boss that gives orders and the dependant subordinate who obeys them.

If this is true with reference to radio, and the editorial to which I have referred dealt only with radio of course at that time how much more is it true with reference to television? What we are interested in is the Canadian content of our programs. We believe the Canadian people want programs of Canadian origination and not canned programs coming in from the United States. This policy is based upon the recommendations which were brought before parliament in the early years and among those who stated the principles on which radio should be operated —with which principles I and those on this side of the house are in full agreement—was none other than the late Lord Bennett. I should now like to quote his words, because I think they are replete with soundness and apply not only to radio of the day but also to television today. His words may be found at page 3035 of *Hansard* for May 18, 1932 as follows:

> First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national concern and for the diffusion of national thought and ideals, and without such control it can never be the agency by which national consciousness may be fostered and sustained and national unity still further strengthened. Other and alternative systems may meet requirements of other countries, and in any case it is not my purpose to comment unfavourably upon those systems. But it seems to me clear that in Canada the system we can most profitably employ is one which, in operation and control, responds most directly to the popular will and the national need. In this stage of our national development we have problems peculiar to ourselves and we must reach a solution of them through the employment of all available means. The radio has a place in the solution of all those problems. It becomes, then, the duty of parliament to safeguard it in such a way that its fullest benefits may be assured to the people as a whole.

And still a little further on, the late Lord Bennett continues:

> No other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting.

And again:

> The use of the air, or the air itself, whatever you may please to call it, that lies over the soil or the land of Canada is a natural resource over which we have complete jurisdiction under a recent decision of the Privy Council. In view of these circumstances and of the further fact that broadcasting is a science that is only yet in its infancy and about which we know little yet, I cannot think that any government would be warranted in leaving the air to private exploitation and not reserving it for development for the use of the people.

These are words which I think will commend themselves to all parts of this house. They are, it seems to me, a sound basis for not only a radio broadcasting policy but for a television policy as well. We believe that those same principles should continue to be applied in Canada. In fact, the late Lord Bennett's statement is more applicable today than it was then; we believe that his views are still appropriate today.

Now I would ask hon. members to contrast that statement with the words of a former leader of the opposition which can be found at page 410 of *Hansard* of December 8, 1952. They are the words of the Hon. Mr. Drew, and I quote:

> If the concept of the C.B.C., in relation to this new medium of communicating thoughts, news and pictures of events as well, is to be carried forward consistently with the original idea, then surely it should be the purpose of the C.B.C. to provide television broadcasts in those areas where private broadcasting will not find it economically convenient to do so.

What is the meaning of those words? It is, to my way of thinking, that private interests are to operate where there is money to be made and that the C.B.C. is not to have a chance to gain revenue with which to improve and expand its system for the benefit of all Canadians. What is being defended in this statement is that this great Canadian resource which belongs to the people of Canada should be handed over in those parts which are "a sure thing", a profitable venture, to private individuals or corporations, and then let Canada put up money out of general taxation to provide television in those areas where it cannot pay. And here I

go on to complete the idea expressed by the former leader of the opposition:

> That was the intention of the C.B.C. in relation to radio broadcasting. If the same principle is carried forward, then surely the whole purpose of the C.B.C. in relation to television should be to let the private stations, without public expense, broadcast the television broadcasts in the great areas of concentrated population where that is financially possible, and for the C.B.C. to provide the television broadcasts in those areas where the ordinary financial returns will not justify private investment.

Is this to be the policy of the government? I think the house has a right to know, and to ask the government what its policy is, and that is what the amendment moved by the Leader of the Opposition seeks to do. Is the policy of the government to be based on the principles laid down by the late Lord Bennett? Is the policy of the government to be based upon the principles held by the former leader of the opposition which I have just quoted. Or are the recommendations of the Fowler commission to be carried out.

Now may I turn to another subject, and that is the matter of new stations in areas now being served. Thus far the so-called single channel policy has been applied to the development of television in Canada. Following the report of the Massey commission in 1952 the policy of granting one television licence in each of the main geographical areas of Canada was adopted. After television stations were established in Toronto and Montreal, the C.B.C. began the construction and operation of stations in Vancouver, Winnipeg, and Halifax. No two stations were to be licensed to serve the same area. And then, at page 226 of the royal commission report, the former minister of national revenue, who was responsible for the policy of television and for the C.B.C., is reported as saying:

> The principle of one station to an area is to apply only until an adequate national television system is developed. At the rate that applications for stations are now being received it may not be long before there is a sufficient degree of national coverage to justify the government and the C.B.C. giving consideration to permitting two or perhaps in some cases more than two stations in certain areas. It is anticipated that, in due course, private stations will be permitted in areas covered by C.B.C. stations, and the C.B.C. may establish stations in some areas originally covered by private stations.

There is today, as the house knows, a strong public demand for the granting of licences for second stations, and I ask: what is the policy of the government with respect to that? The Fowler commission at page 233 asks three questions which, I am sure, the Minister of National Revenue has carefully studied and they are as follows:

> (1) When should the "single channel" policy be abandoned?
>
> [Mr. Chevrier.]
>
> (2) To whom should second licences be granted?
> (3) On what terms should second licences be granted?

The answers are discussed at some length and I think we on this side of the house are entitled to know what the policy will be in reference to those single channel stations.

Next I should like to say something about the French language stations in Canada. The report of the royal commission deals with that matter in a full chapter. I believe the report deals with it in an understanding and sympathetic manner, and I commend the reading of this chapter of the report which will be found at page 237 *et sequentia*. It is stated in that chapter that there are several principles governing the operation and control of French language stations in Canada. There have been demands by a number of inhabitants of Canada who are not in receipt of any broadcasting facilities whatsoever, or from those in areas where the programs, though available, are untimely or of inadequate quality. One of these groups is in the maritime provinces. In the centre of New Brunswick, in western Nova Scotia and on Cape Breton island there are important groups of French-speaking Canadians out of range of any service at all, whether of radio or television, in their own language. I submit that the C.B.C. should examine this question and see if it is not possible to bring its French language radio service to these groups in the maritime provinces. Consideration should be given to the establishment of a television station at Moncton, which is an important cultural and educational centre of that province. I am sure my colleagues from the maritime provinces on this side of the house, if they take part in this debate, will want to deal with that subject and probably will deal with it more effectively than I can.

There are four French language television stations in the prairie provinces, at St. Boniface, Edmonton, Saskatoon and Gravelbourg. They are not commercial stations in any sense of the word. They are rendering a public service and have received assistance from the three prairie provinces of Manitoba, Saskatchewan and Alberta as well as by substantial contributions from the province of Quebec. These four stations are operating under extremely difficult and trying circumstances. The question is how long will they be able to continue? They need assistance. I say respectfully that the government should not allow these stations to disappear. It should study in what manner it can best assist them.

And now I turn with great satisfaction to a statement which I find in the chapter referred to earlier, that section of the report

concerning French broadcasting stations in the province of Ontario. At page 240 we find these words:

In the province of Ontario, a new and rather gratifying phenomenon of Canadian life was discovered by the commission. It is the growing acceptance, at least by the more alert and reflective elements of the community, of the French language as a leaven of cultural growth for the whole of Canadian life. From several English speaking sources came the request that a way be found to bring the French radio network service to Toronto.

At this point let me quote a portion of the brief presented by the Ontario modern language teachers' association which reads in part as follows:

The French language occupies an important position on the curriculum of all secondary schools in the province of Ontario. Its prominent place on the high school program was likely due at one time to the proximity of this province to the province of Quebec. As time went on, however, the study of French proved itself as an effective academic discipline to the extent that it has all but taken over the position once held by Latin. An estimated 80 per cent of the students proceeding to university elect French as the language to be studied in their final year in the secondary school ....We do realize that so much of the teachers' time is required for the formal academic study of the French language that insufficient attention is often given to making certain that each of the 35 or 40 pupils in each class attains a satisfactory fluency in speaking French. Nevertheless, those students who, after completing the French courses in our high schools, find themselves in a French environment, develop very quickly a fluency equal to the needs of ordinary communication. An opportunity to hear French-language broadcasts of a popular nature which stimulate greatly the students' interest in the spoken language and would be only slightly less effective than an extended visit among French people....The enthusiasm with which students speak of French programs which they have heard by radio or in the cinema seems to indicate that such broadcasts would enjoy a large and receptive audience particularly in the urban centres.

Having quoted this brief, I have no hesitation in saying that it does a great deal to weld and unite the various parts which go to make up our country. I should like to pause here for a moment and contrast that statement with another statement which was made by the grand master of the Orange Lodge in Montreal recently as reported in the Toronto *Globe and Mail* of June 27, 1958:

Leslie H. Saunders of Toronto, grand master of the Grand Orange Lodge of British America, says he is opposed to compulsory courses in French language for Ontario schools.

He said: "Canada is not a bilingual country. It is English-speaking with a bilingual province."

Addressing the annual conference of the lodge yesterday he said French and English language courses might be of value in Quebec, where most of the population was French Canadian. But even this province had 500,000 English-speaking persons.

Mr. Maloney: Why do you not read the editorial they wrote about it, too?

Mr. Chevrier: Unfortunately I have not got it. I read the statement as I found it in this press clipping.

Mr. Deschatelets: Why does the hon. member for Parkdale not make his own speeches?

Mr. Chevrier: I was going to say that fortunately for this country the grand master represents a very small and not too important group in Canada.

Mr. Bigg: Why quote him, then?

Mr. Chevrier: I am sure that the vast majority of the membership of this house does not approve of that kind of statement because have we not had a repeated example in this house on the part of various ministers and the Prime Minister (Mr. Diefenbaker) himself of a desire to speak the French language? I was in Quebec not long ago and listened to the Prime Minister speak for some time in the French language and I believe he must really have imposed upon himself a strict course of study of the language in order for him to speak for the length of time he did on the important subject he discussed. The same may be said of my leader who not only is able to speak French correctly but who understands the language as does the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I put those two attitudes in juxtaposition because I believe they dramatically illustrate two points of view, one of them fast disappearing in this country. I would even invite my hon. friend, the hon. member for Danforth (Mr. Small) to some day rise in the house and regale the house in the French language. I am sure, if he wanted to, he could do so. In so doing he would be following along the lines of many prominent members of his own party.

Let me now ask this question, Mr. Speaker. What is the future of radio broadcasting in Canada? My leader dealt with that at some length and most efficiently. All I need say in that respect is that the Fowler report on broadcasting shows that conditions in Canada have changed very materially since 1936. At that time there were 75 radio stations in Canada, television had not yet appeared on the scene and the total cost for the public broadcasting system was approximately $2 million. Today there are 189 radio stations, 38 television stations and the annual public cost amounts to approximately $40 million. The task of regulating and supervising the Canadian broadcasting system, is, therefore, a different one from that envisaged in those years.

Now that a substantial Canadian system for both radio and television has been created, a different task lies ahead. Accordingly, it is

suggested that the present Canadian Broadcasting Corporation be abolished and replaced by a new board of broadcast governors which would have responsibility for all public and private broadcasting in Canada. There would also be established a corporation to be known as the Canadian Broadcasting Corporation which would have powers and responsibilities similar to those of the present C.B.C.

Is this the best method of regulating and supervising broadcasting in this country? The Fowler royal commission thought so after 14 months of study and investigation. What does the government think?

We have a good broadcasting system in this country. The joining together in one system of public and private ownership suits Canada and serves Canadians well. The concept is a good one. We would be wise to keep it very much as it is but improve and strengthen it. So thought the commission, Mr. Speaker. What is the government going to do about it?

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, in regard to the C.B.C., I should like to refer to one particular point, that of programs. However, may I point out in passing that it is quite logical that Canada should not be entirely deprived of its national radio and television network. The government must continue to subsidize the C.B.C. as long as we expect the corporation to discharge those responsibilities that private enterprise is incapable of assuming, i.e. serving the people of Canada in areas of the country where sources of revenue are clearly inadequate. On the other hand it would also be logical to put an end to this undesirable type of monopoly and, in so doing, give the private stations a chance to share in the creation of a Canadian radio and television service.

Mr. Speaker, I would ask the Minister of National Revenue (Mr. Nowlan) to give strict orders to the proper authorities that close supervision be exercised on television programs of all types, and to censor them if required in the interest of morality. Certain programs are most distressing in their effects on the hearts and minds of people.

The influence of television on the subconscious cannot be exaggerated. It especially affects young people at the most impressionable stage of their development. It reaches into homes, thus affecting the family in a most intimate way. All this goes to show how necessary it is to provide strict control over television broadcasts so that they may not have permanent effects on hearts and minds.

There could be nothing more pernicious or destructive of the spiritual strength of the nation, than this repeated spectacle, in the very heart of the family circle, and before so many innocent young eyes of impressive scenes of pleasure, of passion and of sin that can permanently upset and destroy all that had been done to make youngsters upstanding, good and well educated from an individual or social point of view. Television should be a medium of wholesome entertainment for people, while at the same time and in all circumstances contributing to their education and moral uplift.

Not only should television refrain from evil but it should be a positive means of education. Against the advocacy of sovereign art and of freedom of thought and expression must be invoked the superior and inalienable rights of conscience, of the soul exalted to supernatural life. I urge the Minister of National Revenue to bring pressure to bear on the authorities of the Canadian Broadcasting Corporation in order that they apply severe censorship on their programs:

1. To oppose objectionable programs by demanding the application of the law against licentiousness in literary and artistic productions.

2. To foster the production of programs of high moral and aesthetic value.

I hope that programs dealing with murder, gangsters, firearms, and crime will disappear from our television screens. Those programs are damaging to our young people.

Let the C.B.C. do away with smutty stories, and with daring costumes worn by some performers. They too often forget that art by no means calls for scanty attire.

It is not Christian to picture a depraved, corrupt humanity, without hope or nobility of soul.

Mr. Pickersgill: On a point of order, Mr. Speaker. Could the hon. member read a bit more slowly?

Mr. Pigeon: I shall be pleased to comply with the hon. member's request.

Let people stand indicted who dare maintain that a certain form of broadcasting can be exploited, developed and exalted, even though grievously offensive to morals, as long as it can claim artistic or technical value.

I point out, sir, that I have some notes before me; I prefer consulting them to talking nonsense as some hon. members of the opposition are doing.

Mr. Speaker, television should be at the service of truth, honestly inform the public, without overlooking the moral aspect of any news broadcast to the public, provide culture as well as entertainment to viewers, and carefully train them not so much that they may authorize themselves to see immoral shows but so that they may judge what is presented to them and learn to profit from what they see and hear.

C.B.C. authorities should, more than ever, consider the moral aspect of radio and television broadcasts. The familial character of television should exclude any objectionable production . . .

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member, but I must remind him that he is getting away from the text of the amendment which concerns the regulation and financing of the C.B.C. The question of the quality of programs does not come within the purview of the proposed amendment. I would ask the hon. member to stick closer to the text of the amendment.

Mr. Alexis Caron (Hull): Mr. Speaker, with regard to the point of order, I am of the opinion that the quality of the programs comes within the purview of the amendment, since the production of programs is related to the financing of the C.B.C. In fact, some fees which are being paid to certain writers and performers form an important part of the financing of radio and television, and believe that the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) should be allowed to carry on his remarks in this connection.

Mr. Pigeon: I thank the hon. member for Hull (Mr. Caron) for siding with me.

The family character of television should exclude from the T.V. screen anything that would be objectionable in a respectable living room, such as the vulgarity of cabarets and nights clubs, scanty attire, lascivious or suggestive dancing, scenes of violence, robberies, plays that make a mockery of marital faithfulness and parental authority.

The C.B.C. should keep a closer supervision over the choice of television theater programs and feature films in which family and marriage are not always respected.

The C.B.C. should set strict standards in the matter of modesty in dress on the part of dancers and perfomers, as well as with respect to the choice of ballet themes.

The C.B.C. should also enlist the co-operation of qualified advisers, and authorities especially those familiar with the various fields of human endeavour.

Why not get them together in several advisory committees that would meet periodically, for instance once a month, to criticize the programs concerning their own specialty and to make suggestions to authorities and directors. Those committees would also be useful in stimulating opinion—

Mr. Deputy Speaker: Order! I am sorry to interrupt again the hon. member for Joliette-L'Assomption-Montcalm but, after considering more closely the amendment now before us and the comments made by the hon. member for Hull, I feel I should again remind the house that this amendment now under study deals precisely, as it is well said, with "regulation" and "financing", that is to say the regulation and financing of radio and television programs, but not with their moral quality.

If the hon. member wants to discuss the financing of these programs, I think he would be perfectly in order. But the moral quality of broadcasts can hardly be dealt with in relation to the amendment before me. I would ask hon. members to try to adhere as much as possible to the terms of the amendment during the discussion of this bill.

Mr. Chevrier: Mr. Speaker, may I make a remark to the point of order?

As a matter of fact we have been discussing the Massey report all evening, also the report of the Fowler Royal Commission and the Aird report. Now, the Fowler report, of which I have a copy before me now, deals in several chapters with the very matter the hon. member is now discussing. I therefore think that the amendment as well as the sub-amendment without specifically referring to the remarks just made by the hon. member, are germane to the present discussion. I submit this with all due deference and respect.

Mr. Deputy Speaker: I would like to point out to the hon. members that I did not say that the hon. member for Joliette-L'Assomption-Montcalm was out of order; I just asked him to adhere as closely as possible to the terms of the amendment. Indeed, if you read the amendment and the sub-amendment thereto you will see that they more particularly concern the regulations and financing of the C.B.C. by the government.

It is now my duty under clause 2 of standing order 59 to ask hon. members to deviate as little as possible from matters concerning the amendment now under discussion by the house. I therefore once more ask the hon. member for Joliette-L'Assomption-Montcalm, and honourable representatives, to speak closely to the matter before the house.

Mr. Pigeon: Mr. Speaker, I thank you for your remarks. I intend to depart somewhat from the matter of C.B.C. financing and to say

a word more especially about the programs which are given on television. In fact, I was saying that the C.B.C. should enlist competent advisers and various personalities specially versed in the various fields of human activity. Why not group those personalities into several advisory committees that would meet, for instance, once a month to criticize the programs in their particular field of interest and make suggestions to the authorities and to the producers? Those committees would serve also to stimulate public opinion, of which they would be the natural representatives.

They could also advise C.B.C. authorities in the assessment and selection of suggestions sent in by viewers. Members of those committees would receive a fee for their services, which should certainly not overburden too much the budget of the C.B.C.

Self-criticism and research bodies.

Within the framework of the C.B.C., I would be glad to see, if possible, the creation of self-criticism and research bodies. The first would make preliminary censorship of programs, in so far as interest, artistic and moral value are concerned. It would determine the rating of each program, taking into consideration their intrinsic value as well as their acceptable popularity.

To that self-criticism body, I would add a creative body.

No doubt the ideal would be to trust duly qualified producers, who would be reasonably paid and free from financial worries. But will we ever be able to reach such an ideal?

The body that I propose would concern itself with creative work in lieu and place of the producers. The latter would then be chiefly responsible for the production proper. Some of the policies of the C.B.C. in the past have been and still are, undemocratic. Some authorized programs are biased and prejudiced. Reforms are in order.

A cleanup job is necessary in the C.B.C. It is high time something was done.

Television and radio must be means for culture and education, and not a vehicle for biased propaganda. That is a very generally held opinion so why not, in so far as it is possible, do a cleanup job, eradicate all those who have neither conscience nor any wish of mending their ways?

This is not moralism, but morals. Nobody wants to persecute anybody else, but we should rid our television screens and our radio waves from a whole coterie of pseudo-artists who have never understood the meaning of human dignity.

[Mr. Pigeon.]

The C.B.C. should not allow leftists and socializers to enjoy the lion's share of the network.

At certain times the C.B.C. has become the preserve of socialists. They know that full well. This explains why they fear anything that might threaten to remove the C.B.C. from their control.

I would ask the Minister of National Revenue to give orders to the proper authorities, if possible, so that programs may become more Christian and more in line with moral standards. Let there be a little cleanup job in the C.B.C.; let us throw out these people with warped ideas, leftist ideas, who grab half the television programs, such as, for example—and I have no hesitation at all in naming them—Pierre Elliott Trudeau, Gerard Pelletier and Jean-Louis Gagnon who should be permanently kept away from the national network. To my mind these people spread warped ideas, ideas which are counter to the ideals of our people.

I ask the Minister of National Revenue to advise the proper authorities in the C.B.C. to put the brakes on these socialist-minded people, on these leftists who will not rest content until the whole nation is socialized. Let these gentlemen be replaced by people imbued with democratic and Christian ideas.

Mr. Speaker, it is a great pleasure for me to avail myself of this opportunity to say a few words with regard to the C.B.C. and to television.

The people of Quebec are fed up with seeing and hearing all these whited sepulchres denouncing private enterprise, but who nevertheless fatten on income derived from taxation, i.e. from taxes on private enterprise. They are dangerous parasites. It is high time to put an end to the activity of these people who dilute their socialism—

(Text):

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what the business is for tomorrow?

Mr. Green: We will continue with this debate tomorrow.

Mr. Chevrier: Could we find out what the business will be for Wednesday?

Mr. Green: If the debate finishes tomorrow we will then go on with the second reading of the bill to amend the Yukon Act; then second reading of the bill to amend the National Parks Act respecting the boundaries of Cape Breton Highlands national park; then the

resolution concerning the Canadian Farm Loan Act, the intention being to refer the bill when through second reading to the standing committee on agriculture; then second reading of the bill respecting the taxation of estates, this bill to go to the standing committee on banking and commerce; then second reading of two bills concerning conventions for the avoidance of double taxation, one with Belgium and the other with the Belgian Congo and the territory of Ruanda-Urundi.

Mr. Chevrier: Will we go on with government business in this order on Wednesday?

Mr. Green: I am not quite sure of the order. We may take budget resolutions also.

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

Questions

ANSWERS TO QUESTIONS

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

SKIM MILK POWDER FLOOR PRICE

Question No. 49—**Mr. Martin (Essex East):**

1. Has the government received representations from any groups or association to review the decision to decrease the floor price of roller and spray skim milk powder?

2. If so, what reply has the government made to these representations?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Yes.

2. It was pointed out that during the past year milk powder production in Canada had increased by approximately 60 per cent over the previous year, which indicated that the price of 17 cents per pound was an incentive to production and that some downward adjustment was necessary to balance supply with possible disposal, and that despite the lower price support for dry skimmed milk the dairy farmers' position would be better than in the earlier part of 1957 due to the increase of 6 cents per pound from 58 cents to 64 cents in the price support on butter.

POTATOES—FLOOR PRICE, ESSEX AND KENT COUNTIES

Question No. 75—**Mr. Martin (Essex East):**

Has the agricultural prices stabilization board received a request from the potato growers of Essex and Kent counties that their produce be put under the Agricultural Stabilization Act for purposes of having a floor price applied to potatoes?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

An inquiry has been received from the Kent and Elgin potato co-operative asking if the early potato crop in southwestern Ontario was eligible for assistance under the stabilization act and also requesting information as to procedure to be followed to obtain price assistance.

POSTAL SERVICE—COST ASCERTAINMENT STUDIES

Question No. 149—**Mr. Benidickson:**

1. When did the cost ascertainment section of the post office make its last studies to determine the financial position respecting the handling of various classes of mail?

2. What was the section's last estimate of profit or loss for handling each class of mail?

3. Did the last cost ascertainment specially evaluate the probable profit or loss of handling second class mail printed in the United States of America?

4. If so, what were the conclusions?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. October 1955 and March 1956.
2. See statement below marked "A".
3. No.
4. See answer to No. 3.

(A)

POST OFFICE DEPARTMENT

Cost ascertainment estimate of profit or loss for handling each class of mail—Fiscal year 1955-56

	Volume pieces	Revenue cents per piece	Expenditure cents per piece	Profit cents per piece	Loss cents per piece
First class ordinary	1,680,749,256	5.18	3.10	2.08	
Air mail—domestic	17,348,346	11.40	10.73	.67	
—foreign	28,937,646	19.81	19.45	.36	
—parcel post	143,019	113.01	238.44		125.43
Second class—transient	18,051,134	5.25	11.09		5.84
—publishers	537,610,208	1.12	4.32		3.20
Third class—householders	183,902,320	1.52	1.62		.10
—addressed circulars	693,805,254	2.07	1.90	.17	
—other	66,348,465	4.89	5.77		.88
Fourth class—domestic	77,289,706	23.50	22.61	.89	
—foreign	1,264,593	327.20	319.84	7.36	

APPENDIX

CORRESPONDENCE BETWEEN MINISTER OF FINANCE AND MANITOBA PROVINCIAL TREASURER

MINISTER OF FINANCE
Canada

Ottawa, March 14th, 1958.

The Honourable Charles E. Greenlay,
Provincial Treasurer,
Province of Manitoba,
Winnipeg, Manitoba.

Dear Mr. Greenlay:

In reply to your letter of March 7, 1958, respecting the basic stabilization amount, I must substantially repeat what I said in the House of Commons on January 29, 1958.

The purpose of Section 5(4)(a) was to ensure that no province would receive less for the fiscal year ending in 1959 than 95 per cent of its total tax rental, equalization, and stabilization payments applicable for the fiscal year ending in 1958. The stabilization payment was to be related not to the payments for the current year but to the actual payments made in the preceding year or, when applicable, the average of the actual payments for the two preceding years. If it had been the intention of parliament to do what you suggest, the government of that day would have worded the subsection in a manner which would have related stabilization to the current rates of standard taxes and not to the actual payments received in preceding years.

There has been no reduction in the protection afforded your province by stabilization. Your province remains entitled to the same stabilization subsequent to the amendment as it did prior to the amendment. What change there was, is to the advantage of your province. The tax rental payment and tax equalization payment for 1958-59 will be larger by the amount of the 3 per cent increase in the standard individual income tax than they would have been had no such change been made.

Yours very truly,
Donald M. Fleming.

PROVINCE OF MANITOBA
Department of Provincial Treasurer
Office of The Minister
Winnipeg

March 14, 1958.

Hon. Donald M. Fleming,
Minister of Finance,
Ottawa, Canada.

Dear Mr. Fleming:

Thank you for your letter of March 6, 1958, in which you confirmed certain of our calculations respecting the possible yields to Manitoba in 1958-59 under the tax-sharing arrangements.

Your comments respecting the basic assumptions underlying those calculations have been noted, particularly those relating to the significance for the tax arrangement payments of any lag that might occur between a decline in profit levels and the reflection of that decline in corporate tax collections.

Yours very truly,
Chas. E. Greenlay,
Provincial Treasurer.

PROVINCE OF MANITOBA
Department of Provincial Treasurer
Office of The Minister
Winnipeg

March 7, 1958.

Hon. Donald M. Fleming,
Minister of Finance,
Ottawa, Canada

Dear Mr. Fleming:

In your letter of February 20, 1958, respecting the estimated tax arrangement payments to the provinces under the new 13-9-50 standard tax formula, you indicated to us that it was not the intention of the federal government to have the 13-9-50 formula apply in the determination of stabilization payments for the 1958-59 fiscal year, though it was to have effect in the determination of the rental and equalization payments for that year.

In our view, this differentiation between the stabilization payments on the one hand and the rental and equalization payments on the other seems rather inconsistent and, frankly, difficult to justify—particularly since as a result the "95 per cent of last year's revenue" guaranteed minimum has become practically meaningless. If the 13-9-50 formula is not employed in the determination of the stabilization payments, the so-called "95 per cent minimum" for Manitoba for 1958-59, on the basis of the data presently available to us, means a guaranteed revenue of $30,732,500, or only 85 per cent of what the province would have received in 1957-58 if the 13-9-50 formula had been in effect that year—effectively, then, an "85 per cent minimum".

You and your colleagues would not, we are sure, deliberately reduce in any way the relative measure of protection available to the provinces under the tax-sharing arrangements. Yet the "interim" amendments introduced to the Federal-Provincial Tax-Sharing Arrangements Act last January have, unfortunately, resulted in such a reduction! It is

our view that steps should be taken immediately to correct this situation, and we therefore strongly urge that the federal government at the first opportunity amend the Federal-Provincial Tax-Sharing Arrangements Act to enable the 13-9-50 formula to apply in the determination of the stabilization payments for 1958-59 as well as in the determination of the rental and equalization payments for that year, so that the present inconsistency in the arrangements will be eliminated and the high relative measure of protection formerly enjoyed by the provinces under the arrangements will be restored to them.

Yours very truly,
Chas. E. Greenlay,
Provincial Treasurer.

MINISTER OF FINANCE
Canada
Ottawa, March 6, 1958.

The Honourable Charles S. Greenlay,
Provincial Treasurer,
Province of Manitoba,
Winnipeg, Manitoba.

Dear Mr. Greenlay:

I have your letter of March 4 and while there is little of substance that I can add to my earlier remarks, I appreciate your dilemma and will do all in my power to assist you. You will appreciate, of course, that anything at this stage that deals with future levels of income is purely conjectural. This, as I said before, is one of the big difficulties with the use of current figures in determining payments under the existing fiscal arrangements.

You have asked me to confirm that if you make certain basic assumptions, the yield to Manitoba in 1958/59 will be $32,250,000. This is substantially correct. The question, however, could be asked whether or not the basic assumptions are supportable.

As far as standard individual income taxes are concerned, there does not seem any likelihood of any substantial change from present levels. Therefore your assumption may be assumed to be essentially correct. Standard succession duty estimates are on a three year average at the present time and I think some small increase might be anticipated, but this is of no great significance.

Your second assumption is that there would be no change in the population of any of the provinces from 1957 to 1958. Inasmuch as the equalization payments depend on per capita levels of standard taxes and as there has been a tendency for Manitoba's population to increase at a somewhat slower rate than Ontario's and British Columbia's, this assumption could lead to errors. As a reasonable estimate of population in 1958 could be made on the basis of the same rate of change as between the previous two years, I think this might be given consideration.

Your estimate on the level of corporate profits is that they would drop by 20 per cent from 1957 to 1958 and that the standard tax yields from this field would drop by the same percentage. A drop of 20 per cent would reflect a more serious curtailment of business activity than is now forecast. While estimates are very tentative at this stage, they do indicate a drop in profits but not of this size. Something in the neighbourhood of 5 per cent would currently seem more probable, although in view of the volatile nature of profits this could easily change either way during the year.

It is very difficult to give a concise answer to the question of the reflection of profit levels on collections. By the regulations, a seven months' lag is provided for in calculating payments under the Federal Provincial Tax-Sharing Arrangements Act and it would seem probable that this would adequately care for any lag of the nature to which you refer. In our preliminary payments, of course, this does not apply directly, but we attempt to give consideration to this factor in determining payments. I believe, therefore, that this lag factor could be largely ignored, in view of the tentative nature of the date with which we must work at the present time.

As to individual income tax in relation to personal income, I think collections are largely consistent with changes, both on account of the payroll deduction methods and due to the fact that a lag for collections from the taxation year has been provided here as well as for corporation taxes, in this case, of three months.

Again I regret my inability to give you more accurate information but in a tax-sharing arrangement such as this, I am faced with the same difficulties as you are in forecasting revenue. I am glad, however, to provide what assistance I can.

Yours very truly,
Donald M. Fleming.

PROVINCE OF MANITOBA
Department of Provincial Treasurer
Office of The Minister
Winnipeg
March 4, 1958.

Hon. Donald M. Fleming,
Minister of Finance,
Ottawa, Canada.

Dear Mr. Fleming:

Thank you for your letter of February 20, 1958, confirming that the estimates that have

so far been available to Manitoba of its possible 1958-59 tax arrangement revenues have in fact been based on 1957 tax information, not on projected 1958 data, and that the actual payments to be made to the province next year, therefore, may well differ substantially from these estimated figures. We would have preferred to receive a more definite estimate, of the tax-sharing arrangement payments the province could expect next year, but can certainly appreciate your reluctance at this stage to take any particular forecasts or projections respecting these payments.

You indicated in your letter that for the purposes of your own estimates, you were using the figures for the tax-sharing arrangement payments that were tabled in the House of Commons—the figures based on 1957 tax information. At the same time, however, you have recognized, as we do, that "there very well may be substantial differences when these payments are finally determined". The possible magnitude of those differences is of course what we in the provinces must keep in mind in our planning for next year.

Therefore, while we do appreciate that perhaps in view of this uncertainty in the present situation it might not be well for the federal government to issue to the provinces any definite forecasts of their respective tax arrangement payments in the coming fiscal year, we are hopeful that you and your officials will be able to assist us in preparing our own forecast figures. You will recall that in our letter of February 17, 1958, we mentioned that we had estimated that if corporate profits were to drop by 20 per cent in 1958 the 13-9-50 formula in 1958-59 might produce for Manitoba not $35,755,000, but $32,250,000. In arriving at this estimate the following three basic assumptions were made:

(1) that there would be no change in any of the provinces in the standard individual income tax yields and standard succession duty yields from 1957 to 1958, assuming, of course, that the standard tax rates will be adjusted in accordance with the provisions of the tax-sharing arrangements to compensate for the tax changes introduced since 1956.

(2) that there would be no change in the population of any of the provinces from June 1, 1957, to June 1, 1958. We realize that this assumption has no real foundation in fact, but are willing to use the 1957 figures in our computations for the time being, recognizing that the 1958 figures that will be available next summer will require certain changes to be made in our early estimates.

(3) that the level of corporate profits would drop by 20 per cent from 1957 to 1958 and that the standard tax yields from this field would drop by the same percentage.

On the basis of these assumptions and applying the 13-9-50 formula, we estimated a 1958-59 tax arrangement payment to Manitoba of $32,250,000.

While recognizing that our first and second assumptions may not be entirely accurate, we are prepared to go along with them in our calculations. The one very real area of doubt in our minds, however, centres around the third assumption. Here we have assumed, essentially, that a drop in corporate profits would be reflected immediately in a similar drop in standard tax yields, and have made no allowance for any delay or "lag" that for all we know may very well occur between the time profit levels are established and the time they are reflected in corporate tax collections. If such a lag does occur, it should be taken into account in our calculations as it could significantly affect the size of the payments to a province in any given year.

You will readily appreciate that by ourselves we would find it difficult if not impossible to arrive at any sound estimates of this kind. We just do not have access to the information that would be required to enable us to make this kind of projection. The federal government, however, which collects these taxes and deals with these matters day by day is in a much more knowledgeable position in this regard—and we are therefore looking to you and your officials as the only people in Canada who can estimate for us, with any degree of accuracy, the probable effect on tax collections of a specified reduction in the level of corporate profits.

Would you, therefore, please verify for us the accuracy of our computation of the tax arrangement payment that would be made to Manitoba in 1958-59 if the 13-9-50 formula is applied, and the following assumptions are made:

(1) that there would be no change in any of the provinces in the standard individual income tax yields and standard succession duty yields from 1957 to 1958.

(2) that there would be no change in the population of any of the provinces from June 1, 1957, to June 1, 1958.

(3) that the level of corporate profits would drop by 20 per cent from 1957 to 1958 and that the standard tax yields from this field would drop by the same percentage.

In other words, if we are prepared to make these assumptions, are we correct in estimating that the 13-9-50 formula would yield to Manitoba in the coming year $32,250,000?

Secondly, if the tax collection experience of the Department of National Revenue should indicate that there is a lag between

the establishment of profit levels and their reflection in federal tax collections, what change should we make in our $32,250,000 estimate to take account of this lag?

I should like to emphasize that we are not now asking that you or your officials make any estimates whatsoever in connection with the forecasting of the 1958-59 tax arrangement payments to Manitoba. We are prepared to make our own estimates, recognizing that in the absence of a certain amount of relevant data they may not perhaps be as accurate as might be desirable. We would, however, appreciate your assistance in verifying the accuracy of the calculations we have made on the basis of the assumptions we have stated in this letter, and in resolving for us the one area of doubt that we have mentioned as being of particular concern to us: the significance of the lag factor in corporate standard tax yield determination.

You will note that we have not specifically asked for information respecting the effect of the lag factor in the individual income tax field, because it is our view that in this field it would have relatively little significance. The payroll-deduction method of tax prepayment would probably tend to keep collections fairly well in line with income levels. Your comments on this point, however, would also be appreciated.

Yours very truly,
Chas. E. Greenlay
Provincial Treasurer.

MINISTER OF FINANCE
Canada

Ottawa, February 20, 1958.

The Honourable Charles E. Greenlay,
Provincial Treasurer,
Province of Manitoba,
Winnipeg, Manitoba.

Dear Mr. Greenlay:

As you point out in your letter of February 17, the data placed in *Hansard* on January 27 to illustrate the effect of the amendments to the tax-sharing formula was based on 1957 tax information. You will appreciate the necessity of this for at this time of year it is not possible to give any estimate of tax revenues for the 1958 tax year that would be valid for your purposes.

You mention that under the tax rental agreements estimates of probable payments were made available about this time of year. This is correct, but there was an essential difference that made this possible. Under the tax rental agreements payments were based on the gross national product and population of the previous year, for which there were reliable estimates. Under the Federal-Provincial Tax-Sharing Arrangements Act payments are based on the current year for which even preliminary estimates are not yet available. This necessitates the use of data of the earlier period and the procedure is outlined in the agreements and the regulations. I think I should point out that the difficulty in giving reliable estimates was emphasized on more than one occasion during the course of negotiations but the provinces preferred to accept this in order to have the final payments on as current a basis as possible.

There are, of course, very real problems in making estimates on the basis of the earlier year, for as you point out, changes in the level of corporate profits and personal incomes could have a noticeable effect on payments, especially when taken in conjunction with population changes. It is for this very reason I am most reluctant to make any forecasts at this stage. I may say that for the purposes of my own estimates I have used the figures based on 1957-58, i.e., those used for illustration in the House of Commons, accepting the fact that there very well may be substantial differences when these payments are finally determined.

As to your first two questions, I do not think it would be proper for me to attempt to indicate what your estimates should be for 1958-59, for the reasons I have stated.

On the third question, the stabilization at 95 per cent is on the basis of actual payments for the year 1957-58 and is not affected by any amendments to the standard rate of individual income tax recently made. Section 5(4)(a) of the act was not amended.

I am sorry that I cannot be of greater assistance to you in making up this estimate of revenue but the use of current figures involves this difficulty, a fact of which all participants in the agreements were fully aware at the time this method was decided upon. I am sure you will understand and appreciate my position in this matter.

Yours very truly,
Donald M. Fleming.

PROVINCE OF MANITOBA
Department of Provincial Treasurer
Office of the Minister
Winnipeg

February 17, 1958.

Honourable D. M. Fleming, Q.C., M.P.,
Minister of Finance,
Ottawa, Canada.

Dear Mr. Fleming:

We have been following with great interest the proposed and now actual changes in the Federal-Provincial Tax-Sharing Agreements Act. We have noted that, as an illustration

of the significance of the 13-9-50 formula, you indicated to the House of Commons that Manitoba would have received $35,755,000 by way of tax rental and equalization payments in 1957-58 based on the tax collections of, and other data relating to, 1957. However, as is well known, these tax-sharing arrangements and the returns to the provinces therefrom are based primarily on the tax collections of the current year and therefore, for the year beginning April 1, 1958, which is our immediate problem, our returns would be based on the collections experienced by your Department of National Revenue in 1958, not 1957. We are therefore, most anxious to have from you some forecast of the receipts that Manitoba may expect in the fiscal year beginning April 1, 1958, and ending March 31, 1959.

About this time every year since the tax rental arrangements came into effect, the federal government has made available to the provinces estimates of their probable payments under these programs for the fiscal year about to begin. In some cases, this information has become available with the publication of the federal estimates of expenditure for the coming fiscal year then being presented to the house in Ottawa. In other cases, by direct communication very early in the year, we have secured from Canada reasonably firm estimates of the amounts involved. We recognize that these estimates must have been largely based on forecasts and projections, but nevertheless have found them most essential to us in our planning. Therefore, even if full forecasts should not be available to you at this time, in view of the widespread belief that corporate profits are likely to fall substantially in 1958 and the fact that they have already fallen in the last several months of 1957, we would greatly appreciate your advice as to what kind of downward revisions, if any, we should be making in our forecasts of the returns to our province from this most important revenue field. Our calculations, for example, show that if corporate profits were to drop by as much as 20 per cent, and if as a result the standard tax yields in this field were to drop by a similar percentage, the 13-9-50 formula would yield not $35,755,000 but $32,250,000. In other words, instead of getting more during 1958 than we are getting in the year just closing, we could, under these circumstances, get as little as this year's amount or even less. A drop in personal income could also cause a drop in personal income tax collections and a drop in tax-sharing payments to provinces.

It would be most helpful to us in our planning for next year if you would please advise us as to the following:

(1) In your opinion, in the light of existing circumstances, should we, for the 1958-59 fiscal year just ahead, reasonably budget for the full amount of $35,755,000 indicated by you as being our revenue from the tax-sharing arrangements under the 13-9-50 formula?

(2) If, in your opinion, Manitoba is likely to receive in 1958-59 less than $35,755,000, what is the amount that should be expected? would it be 5 per cent less than the $35,755,000 —10 per cent less—15 per cent less—what would be your estimate?

(3) How does the 13-9-50 formula affect the minimum payments under the tax arrangements? We are not clear as to how this new formula will apply in respect of these minima. As you know, prior to the January revision, one of the guaranteed minima available to the province for 1958-59 was an amount equal to 95 per cent of our 10-9-50 tax arrangement receipts in 1957-58. In view of the change from 10-9-50 to 13-9-50 will this 1958-59 minimum now become 95 per cent of the tax arrangement receipts the province would have received in 1957-58 if the 13-9-50 formula had been in effect? In this case, it would appear that we could expect revenues of not less than $33,967,250 in the coming year. Will you please advise whether it is correct for us to assume that this $33,967,250 is to be our guaranteed minimum for the 1958-59 fiscal year or, if not, what in your opinion the proper figure would be?

Yours very truly,

Chas. E. Greenlay,
Provincial Treasurer.

HOUSE OF COMMONS

Tuesday, July 15, 1958

The house met at 2.30 p.m.

FINANCE

TEXTILES—TABLING OF FURTHER TARIFF BOARD REPORT

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should like to table copies in English and in French of a further report relative to reference No. 125 on textiles, which I have received from the chairman of the tariff board. I am also tabling a transcript of the evidence presented to the board at its public hearings.

This report deals with three groups of textile materials, namely rags and waste of various fibres, slivers, etc., of wool or hair, and rovings and yarns of wool or hair. In general the recommendations of the board would have the effect of substantially simplifying the tariff schedule and of reducing the number of items by eliminating certain end use items.

With respect to the first group of items, the board recommends that rags and waste of all fibres which are to be further processed be classified under a single item and receive duty free entry. At present these materials enter under 13 different tariff items carrying varying rates of duty, although for the most part they are now duty free.

With respect to the second group of items consisting of slivers and other forms of wool and hair in the stage preceding rovings and yarns, the main purpose of the board's recommendations is to clarify the nomenclature and classification of these materials.

In the third group of items, rovings and yarns of wool or hair, the board recommends a small increase in the specific duties under both the British preferential and most favoured nation tariffs. Here again the number of items is being reduced. In making this recommendation the board points out that the major proportion of the yarns used in Canadian woollen mills is produced in integrated plants.

It can be seen that the items covered in this report are related, in part, to other items in the textile schedule which are still before the board. The board has recently concluded its hearings on cottons and will be proceeding with hearings on synthetic textiles, knitted goods and narrow fabrics. The government does not intend to propose to the house any tariff changes relating to the report just tabled until it has received further relevant reports from the board; and in the light of the board's program of work it is clear that no new tariff proposals in this field should be expected during the current session of parliament.

Mr. W. M. Benidickson (Kenora-Rainy River): Could I ask the minister whether any of the items referred to are bound by treaty?

Mr. Fleming (Eglinton): I think so, Mr. Speaker. In any event such bindings as do enter into this matter would have to be considered in relation to the rather broad reclassification which the board has recommended.

EXTERNAL AFFAIRS

MIDDLE EAST—STATEMENT ON CURRENT SITUATION

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, no doubt the house will expect me to inform it with respect to some of the grave events now occurring in the Middle East, events which have led to the landing of a force of approximately 5,000 United States troops in Lebanon this morning.

We were notified yesterday evening of the United States decision to take this urgent step, and I need hardly state that we are in very close touch with the United States authorities about this matter. President Eisenhower made it clear in a statement published this morning that these landings are designed to protect the safety of 2,500 United States citizens in Lebanon and at the urgent request of President Chamoun to assist the Lebanese government to stabilize the situation and preserve Lebanon's independence and integrity.

President Eisenhower has emphasized that the United States government cannot—and I quote from his statement—"stand idly by when Lebanon appeals itself for evidence of our concern and when Lebanon may not be able to preserve internal order and to defend itself against indirect aggression". The United States has stressed that the action being taken is "in conformity with the spirit" of the United Nations charter, that the troops being landed are not a fighting force, and that the landing is not an "act of war".

The security council has been fully informed of the United States action, and the United States has made it plain that the troops will stay only until "the security council has itself taken the measures necessary to maintain international peace and security". The step which the United States has been obliged to take in Lebanon has been rendered necessary by the sudden and alarming developments that took place yesterday in Iraq. In the light of the implications for Lebanon of these developments, it was considered by the United States that the United Nations observation group was no longer adequate to meet the current menace to Lebanon's security and independence, though I might interpolate here that it was thought at the time of the visit of President Eisenhower and Mr. Dulles last week that the observation group would in fact be sufficient for the task.

Discussions are now proceeding at the security council, and the Canadian representative has been instructed to support all constructive efforts within that body which will have the effect of achieving the objectives outlined by the United States government and minimizing the threat to the peace of the area arising out of current developments.

We have also been kept informed of developments in London leading to the statement by the foreign minister, Mr. Selwyn Lloyd, in the House of Commons at Westminster this morning to the effect that the United Kingdom fully supports the action which the United States government has found it necessary to take but that United Kingdom forces, however, are not being used in the current operation in Lebanon.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I know the house will have heard with great interest the report of the Secretary of State for External Affairs on what he has quite rightly called the grave events in the Middle East. I know the house will not expect at this time any more in the way of detailed information from him and would not, I think, expect any comments from this side which could not be helpful, and which we would not wish to be harmful. One cannot but feel, however, great anxiety at these developments and at the necessity—and it was no doubt a necessity—which required the United States to land troops for the protection of its nationals in Lebanon due—one must assume, and the minister's remarks have confirmed that assumption—to the grave events in a neighbouring state.

The result of this, Mr. Speaker, is that we now have in Lebanon United States troops protecting their own nationals and we have a United Nations observer corps with its functions to perform. In that corps there are Canadian members. We must all hope that there will be no contradiction between the functions of these two bodies, both of which are there for peaceful purposes. We must also hope that President Eisenhower's statement that the United States troops will be able to withdraw as soon as the United Nations forces could take over their function represents a hope that may be realized.

I am certainly not underestimating the gravity of the situation, but at this time I do not think any observations beyond those I have just made can be of help. However, I would like to ask the minister one question. Can he inform the house what steps have been taken to ensure the protection of Canadians in Lebanon and in Iraq?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, as far as Lebanon is concerned, we have over several weeks been in close touch and planning with the United States embassy in Beirut, and the Americans have undertaken that they will look after—I informed the house about three weeks ago that there were about 125 Canadians there; it now appears that there are about 146—the interests of those Canadians as well as they would look after the interests of Americans.

With respect to Iraq, normally we would have depended on the United Kingdom embassy there. As the house knows, the building was blown up yesterday. There has been some suggestion that the ambassador of the United Kingdom may have been killed, but there is no confirmation of that report. Apart from that there has been no suggestion of any loss of life. We have not been able to ascertain what the condition actually is in Baghdad at the present moment. There are approximately 43 Canadians in Iraq, about 40 of whom are in Baghdad, and we are hoping for the best. That is the best answer I can give at the present time.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs whether our own embassy in Beirut is not being given some responsibility, particularly in connection with those Canadians, some 140 in number, who are located in that area?

Mr. Smith (Hastings-Frontenac): Oh, Mr. Speaker, I did not suggest that our diplomatic representative in Beirut was not in consultation. Yes, he is the one who is working closely with the United States embassy in Beirut.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, reports from the Middle East without a doubt are the cause of grave concern and apprehension on the part of members

of this house and the Canadian people generally. In the opinion of this group recent developments in the Middle East are the result of the shortsightedness of United States foreign policy in recent years, commencing with the refusal of the loan to Egypt which could have been the starting point, in the opinion of this group, for a positive and constructive approach to the difficult problems of the Middle East.

In particular we in this group are opposed to bilateral action. We urge that every effort be made that circumstances justify for the utilization of the international police force under the United Nations to restore order and maintain peace in this very difficult area.

COLOMBO PLAN—ALLEGED DELAY IN APPROVAL OF PROJECTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister arising out of press reports about continued delays in the approval of projects under the Colombo plan. Would the Prime Minister inform the house what action Canada is taking to accelerate these very important projects and as to the assistance given to underdeveloped countries?

Right Hon. J. G. Diefenbaker (Prime Minister): The government believes in the Colombo plan, Mr. Speaker, and has given every consideration to the various projects that have been suggested as worthy of support under that plan. There has been no delay. There have been some projects for which relatively small expenditure has been asked, and they have been deferred in so far as approval is concerned.

I may say this, that having regard to the increased amount made available for Colombo plan projects since this government came into power, I am sure the house will agree that there is no justification for any criticism of delay with respect to projects which are worthy of immediate consideration.

POST OFFICE DEPARTMENT

STATEMENT ON MAIL DELIVERY OF COMMUNIST PROPAGANDA

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, on Friday last the Leader of the Opposition made an inquiry of me concerning a newspaper report that a publication, faked by the communists to look exactly like *Ceske Slovo,* a free Czech paper published in Munich, had been received by Czech Canadians. He asked whether there was anything that could be done by the Post Office Department to stop this "communist propaganda by misrepresentation" from coming through the mail.

The short answer is no, but a brief explanation of the reasons will be helpful, I think. A number of communist countries have a well developed publicity program which is largely based on mailing to selected groups of Canadians various types of news and information sheets giving the communist point of view and attitude on various matters both within and without the iron curtain. With few exceptions this material has not been requested by those who receive it, and in most cases the recipients would much prefer not to be on the mailing list at all.

I have much sympathy with those who find themselves in this position, and most particularly with new citizens of Canada who have come to this country from communist dominated areas in search of freedom and who are sent this material much against their will and sometimes to their great embarrassment; none the less, under the policy which is generally adopted toward our domestic mail and more particularly under those international conventions covering the carriage of mail to which Canada is a subscriber, it is not practical for the Post Office Department to take action in these cases.

The basic principle which is involved is the sanctity of the mails and the fact that in free countries we do not set up either the post office or any other government department as a censor of that material which passes through the mails; nor would it be desirable to do so. By law or for practical reasons of safety certain classes of material are specifically prohibited from passage through the mails. The law includes such items as obscene literature, lottery tickets and the like, while safety and common sense extend to such material as explosives. Beyond this, we accept and deliver everything which is placed in our hands and on which the proper postage has been paid.

In a case such as that referred to by my hon. friend the parties who are concerned, if they are aggrieved, must necessarily look to the proper courts for whatever action is justified and not to the Post Office Department.

It might be helpful to my hon. friend as well if I quoted the remarks he made on August 1, 1956, as found on page 6837 of *Hansard,* when he said:

> This is a free country and subject to the observance of the law, people, even diplomats from the Soviet countries, can use the mails for the circulation of their literature.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, nothing I included in my question was meant by me to transgress the principle the Postmaster General

has stated, freedom in the use of the mails, and I would not have my question interpreted in that way. What I had in mind, and perhaps I did not make it clear in my question, was that there was an element of fraud in this case because the paper in question which was being circulated through the mail was in a form which would confuse it with a non-communist Czech language paper. Therefore I thought there was an element of fraud in this particular case which might have involved a contravention of the law, and that action might have been taken in that regard.

Mr. Hamilton (Notre Dame de Grace): What I meant by my answer was that the determination of fraud is within the province of the courts and not that of the Post Office Department.

ALLEGED ABANDONMENT OF ELECTRONIC SORTER

On the orders of the day:

Mr. Egan Chambers (St. Lawrence-St. George): Would the Postmaster General care to comment on a report in this morning's *Gazette* that the $3 million electronic sorter which the former Liberal government installed in the main post office is a failure and about to be abandoned?

Hon. W. M. Hamilton (Postmaster General): There is no more accurate foundation for that report than for the one which appeared in the same column yesterday to the effect that the citizens of Westmount were disturbed because of changes in their mail delivery. This is a machine which is basically, at the moment, a research project, and as in all these research projects it is currently again in the process of being reassessed to determine its value and its future potential. Certainly there is no decision as yet regarding its abandonment or anything of that nature.

HEALTH AND WELFARE

STANDARD OF TREATMENT OF MENTALLY ILL

On the orders of the day:

Mr. H. F. Jones (Saskatoon): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. By way of explanation I should like to say that in the throne speech debate on May 26, *Hansard*, page 451, I suggested that the government consider the advisability of encouraging the provision of the same standard of care for the mentally sick that is afforded the physically ill. Can the minister inform the house what measures are being taken to improve the standards of care for the mentally ill?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I want to thank the hon. member for giving me notice of his intention to ask this question. As far as the dominion government is concerned, three avenues of approach are being taken toward improving the standards of care for the mentally ill.

In the first place, an annual grant of over $7 million is provided under the health grants program to assist the provinces in developing and extending their facilities in this field. Over the past 10 years this money has been used for the establishment of mental health and child guidance clinics, the extension of mental health services in general hospitals, the provision of staff and equipment for mental hospitals, the establishment and enlargement of provincial divisions of mental health, the support of research into mental health problems and the training of mental health workers.

In addition to this assistance, the health grants program contains a hospital construction grant under which federal funds amounting to $2,000 per bed are available for the construction of mental hospitals as well as of general hospitals, some of the facilities of which are utilized in treating the acute as opposed to the chronic phases of mental illness.

A third way in which the government is helping to raise the standards of care for the mentally ill is through the hospital insurance and diagnostic services program. This scheme takes into account the recent development of psychiatric wards in general hospitals for the active treatment of acute phases of mental illness, and includes the costs of this kind of care within the expenses to be shared by federal and provincial governments.

The whole purpose of these endeavours is to place the standards of care for the mentally ill on the active treatment level instead of on the custodial care level, which in large measure was the case in the past.

Mr. Hazen Argue (Assiniboia): I wonder if I might ask a supplementary question arising out of this excellent review of what the government has been doing in this field. I wonder whether the minister can say whether active consideration is now being given to the inclusion of mentally ill persons in hospitals under the national hospital insurance act, since about half the hospital patients are involved?

Mr. Monteith (Perth): There has been no change in the situation since I answered that question at the time the amendment to the Hospital Insurance and Diagnostic Services Act was before the house a short time ago.

Hon. Paul Martin (Essex East): By way of supplementary question, may I ask the minister if he is not aware that the very excellent reply he has just given is practically the same as the reply given to the Minister of Finance when he complained about deficiencies in the hospital insurance act introduced by the previous administration?

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—INQUIRY AS TO SITTINGS IN ATLANTIC PROVINCES

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Can the Prime Minister advise the house if the royal commission on Canada's energy resources plans to hold public meetings in the Atlantic provinces? If so, have dates and places been selected?

Right Hon. J. G. Diefenbaker (Prime Minister): I have no information on that, Mr. Speaker. I shall communicate with the chairman of the commission with a view to ascertaining his intended sittings. When I have that information I shall communicate it to the house.

BRIDGES

SAULT STE. MARIE, ONT.—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. G. E. Nixon (Algoma West): Can the Minister of Public Works say whether or not the government is considering financial aid towards the construction of the proposed international highway bridge across the St. Mary's river between Sault Ste. Marie, Ontario, and Sault Ste. Marie, Michigan?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I thank the hon. member for having given me notice of his intention to ask this question. No consideration has been given to financial aid by the federal government. It is my understanding that the proposal is to have a bridge built by a company known as the St. Mary's Bridge Company.

IMMIGRATION

PAUL ROBESON—INQUIRY AS TO PERMISSION TO ENTER CANADA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): May I address a question to the cool, collected and colourful Minister of Citizenship and Immigration. In view of the fact that many Canadians believe that great art and talent belong to the ages and to all people and, therefore, wish to enjoy the same opportunities in this respect afforded other nations in the commonwealth; and in view of the fact that many Canadians wish the opportunity to hear Paul Robeson, internationally famed concert, stage and screen artist, would the minister inform the house if her department recognizes the maturity and cultural development of the Canadian people sufficiently to permit the entry of Paul Robeson for their enjoyment?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the question is purely hypothetical. So far as I am aware there is no application for admission of the gentleman to Canada.

Mr. Herridge: May I ask, as a supplementary question, if an application were made would it be favourably considered?

Some hon. Members: Order.

LABOUR CONDITIONS

UNEMPLOYMENT—PROVINCIAL LABOUR MINISTERS ATTENDING CURRENT CONFERENCE

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, may I ask the Minister of Labour if many of the ministers of labour from the provinces are attending the conference on seasonal unemployment at the present time.

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. Ten provincial ministers of labour accepted the invitation. Nine are here and one, being ill, is not able to be present.

SUPPLY

The house resumed, from Monday, July 14, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pearson, and the amendment to the amendment of Mr. Herridge.

RADIO AND TELEVISION—GOVERNMENT POLICY

Mr. C. W. Carter (Burin-Burgeo): The problem of how to utilize radio and television technology with maximum benefit and minimum expense to the people of Canada is certainly one of the most difficult problems with which the government of Canada could be faced, no matter what party is in power. It is something that we must have because we cannot do without it, but when we look at the astronomical cost which is involved in a country of such geographical dimensions as our own, we begin to wonder how we can afford the expense.

That brings up the question of which system is best suited to our particular conditions. First, as far as the system itself is concerned we have three choices. We could have a completely public system or a completely free enterprise system or a combination of both. I believe the particular system we have at the present time, which is not only a combination but a partnership of public and private enterprise, with the public acting the role of senior partner, is the very best system we could possibly have and is one which I believe we should continue to maintain, with perhaps some modification with respect to regulatory powers.

If we have a combination certainly there is a need for regulation; and while I do not think a very good case was made out against the C.B.C. by those who produced briefs before the Fowler commission, I think perhaps it would be worth-while to adopt the regulations which that body recommended. Not only do we have a financial problem but we have the difficulty of providing proper safeguards so that our system will not become the mouthpiece or a propaganda machine for the government of the day. We must be equally careful in providing safeguards to see that our broadcasting system does not become a mouthpiece for subversive elements.

Reference has been made to the function of the C.B.C. as a means of developing our Canadian culture, and no doubt it is making a worth-while contribution in that respect. I think there is an even more important job than that for it to do, however, which could not be as well done by any other agency, and that is to provide a uniting force to keep before us the great values on which our culture is based and on which our way of life has been built and by which it is nursed. In times like these, when we are engaged in a cold war, this function of the C.B.C. is perhaps the most important of all.

As far as Newfoundland is concerned we do not have very many complaints against the C.B.C. or against the private stations; in fact the programs are very useful and very enjoyable, and we are particularly fortunate in that we have private stations which do, I think, more than their part in developing local culture. I have listened to private stations in other parts of Canada and I have not yet heard a station which is carrying out its functions in any sense better than the private stations in Newfoundland.

As far as my own riding of Burin-Burgeo is concerned, I would like to take this opportunity of bringing to the attention of the house the fact that only a very small number of my constituents are able to avail themselves of the services which the Canadian broadcasting system offers. We need the services of the C.B.C. in Newfoundland to unite us as a province in the same way we need to be united on a national scale. But we have our diversities of interest, and one of the functions which the C.B.C. could perform would be to bridge the gap of isolation caused by our geography and by these differences of interest. In the western half of my riding it is impossible for people to receive the broadcasts which go out from the C.B.C. station at St. John's, and this despite the fact that a few years ago a great deal of money was spent increasing the power and trying to extend the range of that station.

I think it has been clearly demonstrated that it is impossible to reach the length and breadth of the south coast of Newfoundland by radio without building a small relay station either on the Burin peninsula or at Port aux Basques or both. As I understand it these relay stations are not very expensive, and I would ask the government to look into this matter and see what could be done in this respect. It is a very urgent necessity, because the people in my riding are fishermen; they want to hear the weather forecasts, they want to hear the prices of fish, and they want to hear where bait is available. Their ties with the capital city are so many and so varied that the need can only be met by having a system which could provide full coverage for the whole island.

What I have said with respect to broadcasting applies to an even greater degree as far as television is concerned. Only a few people in the extreme eastern part of my riding can now enjoy the benefits of television programs, and since a microwave relay system is being erected in Newfoundland so that programs from the mainland may be received in our province simultaneously with their reception on the mainland, and having in mind that one of these microwave stations is being built at Red Rocks which is only nine miles away from the centre of Port aux Basques, I would ask the government to have a look at this to see if it would not be possible to utilize that microwave station so the people in the Port aux Basques area may be able to receive television programs. I believe this could be done, and because television waves carry a greater distance over water, I understand that it would be possible for people west of the Burin peninsula to enjoy television programs also.

I hope the minister concerned will investigate this matter and give it all the favourable consideration possible.

Mr. D. M. Fisher (Port Arthur): Perhaps I can set a certain tone in what I am going to say by acknowledging that the reason I reached the House of Commons was partly through a private television station; it was a private television station which partly opened up the opportunity, so I am quite aware of the advantages which television and broadcasting bring to many parts of the country.

I feel that neither the amendment nor the subamendment is intended to be a backhanded or nasty slap at the government, but rather a gentle but firm prod to the government along the way we are sure it is going to follow. The government's intentions, as far as we know, were spelled out in the speech which has been referred to before, made by the Minister of National Revenue on June 3, and his subsequent announcement that the C.B.C. was to go ahead and plan the building of a certain number of television stations which would provide coverage in some of the more remote parts of the country—parts, that is, which are remote from present television coverage.

This announcement was very welcome, but in our district, though we were pleased that Kenora would receive some benefit, there was a certain disappointment that those further north and east of Kenora were going to be missed out according to present plans. Certainly it is our general view that the fact that the minister should stand up and indicate that the C.B.C. should go ahead with its planning was support for the view that the government was going ahead with the backing of the C.B.C. which would enable it to do this job.

The financing of the C.B.C. is one of the toughest questions in terms of fairness that I think a government will face. It seems there are three different ways in which the C.B.C. has been financed in the past, and I cannot see any other possible ways to finance it in the future. Most of you will remember that the licence system proved a very unpopular means of supporting the old C.B.C. radio system; yet in essence a licence fee is the only absolutely fair way of supporting the operation of a national system if you look at it from the point of view of straight economic justice. It means, of course, that the people who are actually enjoying the programs or who have the ability to receive the programs are the ones who are paying for them; and certainly if a licence set-up should be part of the government's plan it would save a great deal of criticism that comes from areas which have not adequate coverage from the national system at the present time. They will certainly not have the complaint that as general taxpayers they are paying for a service which they are not receiving.

The system presently being used in part to support the C.B.C., that of the special excise tax, has been declared discriminatory and unfair—I think those were his words—by the minister concerned in this house; and whether or not one agrees with that, it is perfectly obvious that an excise tax levied upon the instrument through which a program is received is quite inadequate to provide any sound financial basis for the future. At the beginning, when television sets were being bought in great numbers, it provided a source of revenue; but now there has been a saturation point reached in most areas of Canada of somewhere between 70 and 80 per cent, the income from this tax will not come near to meeting the requirements of the C.B.C. in the present or in the future.

That brings us to the third possible means of supporting the C.B.C. It is the one that is likely to be followed, yet in many ways it is very unfair; that is to take the money directly out of the consolidated revenue fund, or make some sort of arrangement with that fund and have the C.B.C. operate on a year to year budget from a demand placed before the government as to what its needs are going to be in the coming year.

If the money comes out of the consolidated revenue fund it means in effect that every taxpayer in the country is contributing to the cost. It is obvious from the distribution of population in the country and the varying nature of the markets in which the Canadian Broadcasting Corporation must compete that a portion of the country is never going to receive the full benefit of this expenditure. From that point of view it is unfair.

As a politician amongst 264 other politicians I think we all have to recognize that the licence system is extremely unpopular. I do not care what party you belong to, you have to recognize that the licence system, which is perhaps the fairest, is so unpopular that it is going to require a very strong and courageous government and minister to bring it in. I would tend to support the third means, that is taking money out of the consolidated revenue fund, but I think we need to be aware that if we follow that course it will result in an annual spree within the House of Commons and the committee on broadcasting over ways and means to jimmy down what the C.B.C. may estimate it needs, and it will not place that organization on the long-term planning basis that one would gather from the chairman is really needed.

The argument that has gone on for a number of years led by the C.A.R.T.B.—the Canadian association of radio and television broadcasters—in essence has centred around something concerning which the Winnipeg

Free Press has published a number of pamphlets. It is the contention that the Canadian Broadcasting Corporation as a regulatory body, as well as being a competitor, was somehow interfering with their basic freedom. The *Free Press* was fond of drawing a parallel between radio and television stations and newspapers, and insisted that freedom of the press was parallel and analogous with the freedom of the air waves. There is no point in discussing in detail the way in which the Fowler commission and other commissions have treated this particular point, but it has been amply proven by the fact that there are such a limited number of both radio and television frequencies available that there is not and cannot be any such thing as freedom of the air.

The point was quite well made yesterday by the hon. member for Kootenay West with respect to freedom of the air and competition. The private broadcasters themselves have proved the point repeatedly, in that every time there has been an application for a new radio or television station before the Canadian Broadcasting Corporation board of governors—and this applies especially to radio—wherever the market area already had a private station, the station in existence instead of welcoming the new competitor into the field as a wonderful example of the benefits of free enterprise and freedom of the air has bucked the application all down the line, frequently using the very argument that there can be no such thing as freedom of the air parallel to freedom of the press.

One of the minor points arising out of the amendment that hit me after talking to a couple of C.B.C. producers in the Toronto-Ottawa region stems from the fact that if some limited competition evolves it could represent a tremendous blow to the amount of Canadian talent that is used. Mr. Ouimet announced last year that 15,000 artists of various kinds did work for the C.B.C. last year. Regardless of what some of us may feel concerning the quality of the work of those artists, the fact that this number were employed is an excellent thing. In any consideration of opening up a licence in a high market area like Toronto or Montreal, the government and any regulatory board it sets up must keep this factor in mind. To bring in a private station may be all right, but it should not be done at the cost of diminishing the amount of Canadian talent and creative effort that goes into these programs.

I spoke to one successful C.B.C. producer recently. He is successful in the sense that one of his series has been sold in the United States and he is down there now considering a highly attractive offer. He told me that his own feeling was that if a private station opened in the Toronto area without any regulations to control or direct it with respect to using a certain amount of Canadian programming, you would see the advertisers who now support to a degree the C.B.C. dramatic presentations switch over and use the private station and the cheaper United States imported films. As a consequence of this loss of income the C.B.C. would not be able to maintain its standard of dramatic production. I think all of us should take pride in the recognition that has been given the quality of certain Canadian Broadcasting Corporation productions in that sales are being made in the United States market, and in the past couple of years the C.B.C. has had increasing success in selling its dramatic productions in the British market not only to the B.B.C., which is the government organization, but also to the private television network that has been created in England and Scotland.

One of the other problems in connection with the C.B.C. and its operation in the large market areas is, of course, more and more the movement of United States subsidiaries into Canada. The kind of advertisers who support television programs are marketing their products in Canada as well as in the United States. Personally I am delighted with that. I like to watch the fights and the baseball games, and I support Gillette with the occasional purchase of razor blades.

I think we must acknowledge that this will be a continuing trend. It does mean, however, that the United States television stations close to our borders are always going to be invading our markets. There is nothing we can do in the form of regulation to stop it, but it means they will always have an effect and influence upon Canadian television stations whether they be C.B.C. or private.

I want to be fair here in considering the latitude we should allow a private station and this factor must be weighed. We must weigh United States competition within the same market area against the fact that we would like private stations to be regulated in order to ensure that they utilize a certain minimum of Canadian programming.

One matter that concerns everyone in connection with television—and it has affected me as a teacher and as one in political life—is the choice of popular programs. I am thinking of the near despair that comes when you talk to people about their reaction to television programs and even to the operations of the C.B.C. I know it was a source of despair to me that amongst my pupils the most popular program of all was the Saturday night wrestling. It is very discouraging.

However, I should like to point out to hon. members that despite the despair one may feel over the reaction of the adolescent and pre-adult group, there are some significant groups and national associations in Canada that have taken a much broader and more educated view of the whole matter. I was delighted to see that the Canadian radio league has been reactivated, and was impressed by the people who are organizing and supporting it. I note that a famous Liberal is on the committee, Professor A. R. M. Lower. I think that is good. The committee also includes a man who is almost a paragon as far as the Conservative party is concerned at the present time, the great biographer of the life of Sir John A. Macdonald, Professor Creighton.

If you go over the list you find such names as Dr. E. A. Corbett of the Canadian association of adult education, Dr. Robbins, secretary treasurer of the humanities research council, Father Henri St. Denis of Ottawa. We even have the president of the Saskatchewan wheat pool and the president of the federated women's institutes of Canada, all in this reactivated league which supports the general premises of the Fowler commission and in effect supports both the amendment and the subamendment that have been introduced in this house. That is a sort of balance to the despair that comes over one when he gets what one might say is the impromptu reaction of so many of the younger people in this country.

Television is very much a mixed blessing, and I think we have to keep in mind that our national interest in it is the paramount consideration. Both the Leader of the Opposition and the hon. member for Kootenay West, as well as others, have put it very succinctly. There are two main reasons why we have to keep a national system and why that national system can only be one that has government support. One is the United States inundation that is always threatening us, and the other is the fact that we have not in Canada the markets to support a private enterprise system right across the country; and, of course, the two factors are interrelated.

One of the key problems in connection with the future of the C.B.C. is the question of what kind of regulatory board there should be. Quite obviously the board of governors of the C.B.C. has not operated very well in one particular regard, namely controlling the private broadcasters from the point of view of the C.B.C.'s own regulation. As a matter of fact I know of a C.C.F. telecast that goes on regularly. Every time it goes on it breaks the C.B.C. regulations. Yet the C.B.C. has never bothered to police its own regulations, and the board of governors have never sufficiently encouraged the management of the C.B.C. to go out and police the regulations.

When you have regulations that are not policed and supported, then they become ridiculous. That is one of the reasons why the C.A.R.T.B., under Mr. Allard, went off on such a wild attack, because at that very time they were running pretty freely, without any checkrein.

Therefore, following from this point, I think the central thing we need to keep in mind with respect to the regulatory board is that it should really regulate. If it does introduce regulations it should put them out in a precise booklet, and if any changes are made those changes should be put on record and the record kept up to date and not have a whole host of separate papers, so that private broadcasters will know where they stand and know that if they do not follow the regulations then they get the axe, or some form of punitive measure will be taken against them. I know of one particular radio station about which dozens of letters have gone in complaining that they break the regulations concerning the number of spot announcements in the morning and noontime periods. All they have received from the C.B.C. is a gentle tap on the wrist, saying in effect, "No, no, boys; some day you are going to get your licence suspended." I hope when the regulatory board is set up it will enforce the regulations.

One of the factors in connection with a regulatory board, as brought out by the Leader of the Opposition, is whether it should be a fairly large board and representative of a group of interests in the country or a small board. Well, I tend to feel that a smaller board would be more effective, because once you begin to try to represent interested groups across the country you get a body that has, let us say, very little unity or homogeneity in terms of following a definite course of action, and it takes a long time when that group is meeting fairly rarely to develop an integrated course of action.

On the other hand, if this regulatory board is going to be the body that has the power to hand out those plum licences in the rich market areas that board is going to be under a great deal of pressure. I hope the Minister of National Revenue will look at the experience of the F.C.C. with regard to the television licence fiasco in such places as Boston and Miami, where the pressures have been so great. We have all observed the scandal going on in the United States at the present time over the pressure put upon federal regulatory boards for favours for certain

people. Well, that is the sort of thing this regulatory board in Canada could be open to.

As a matter of fact I would almost think the government might consider, in connection with the question of additional television licences in the rich markets, that those people should have to come right into the House of Commons in committee to state their case. If that were done we would at least know that all sides of the argument would be heard and there would not be pressures exerted or any favours passed.

This may be a rather gloomy anticipation of Canadian moral integrity in such boards or the kind of pressures that would be applied; but when the awarding of licences itself is worth several million dollars—that is the potential in several cases in Canada—there is no question but that the pressures could be very sharp. It means that the regulatory board set-up is something that should be considered very closely.

The final point I want to touch on was brought up in French last night, and I am going only by the translation of the speech by the hon. member for Joliette-L'Assomption-Montcalm. To read his speech, Mr. Speaker, is to feel that we have Rev. Mr. Hansell back in the house again. That may be good or bad. There seems to be in certain parts of this country a completely different attitude toward morality and censorship than in other parts of the country. But the point raised by the hon. member—and the Deputy Speaker did try to remind him that he was moving away from the point of the amendment—is one that I think deserves some discussion. I hope the discussion will rid the whole idea right out of the premises.

I refer to the idea that it is the job of the board that is to be associated with the C.B.C. to be a screener of morals. The protests of the hon. gentlemen were placed more or less in two categories. He is concerned about morality in the sense of sexual licence, nudity and that form, and he is also concerned with morality in the fact that certain deviationists are undermining our whole social structure by moving us toward the left. Again this was the cry of Rev. Mr. Hansell when he was in this house. The C.B.C. was in the hands of leftists. We were continually under a barrage of leftist campaigning in certain forms.

I think the hon. member is entitled to his opinion, but I would just like to explain why some people, especially people who have what I would call reactionary views, feel that the C.B.C. is leftist. I think the C.B.C. has attracted to itself and will continue to attract a great many highly educated people, especially from English Canada. I think these highly educated people from English Canada, in their contacts, go out for people who they know have certain controversial ideas, or can give a certain analysis of various circumstances, be they economists, historians, sociologists or what have you. They bring these people to the C.B.C. If they happen to be leftists, I would just like to remind hon. members it may indicate that amongst the academic community, in the ivory towers of this country, there may be people who feel that that is the way to go.

Now, they want to do something about blocking them. I would suggest that they encourage the people with the right wing view to become articulate. It has always been the mark of a conservative—I am not thinking about the Progressive Conservative—to be inarticulate. You will notice that in all their restatements they always hark back to the one great spokesman they had in the English-speaking world, namely Edmund Burke. If you want the other point of view, get articulate. I would remind the hon. member that even the C.B.C. had Mr. Hansell on the "Viewpoint" program, offering criticism.

I aways felt that the question of the C.B.C. being composed of a pack of socialists has been overstressed. I know that any time, I, thinking of myself as a socialist, have encountered people from the C.B.C. I have found a great deal of contradiction of statements I made. I cannot speak for the French language network, but I certainly want to assure the hon. member who made the protest that among the people connected with the English language network whom I have met there have been a great many who have opposed my views, and therefore I would assume that they are not completely dominated by the socialist ideology. Of course I would hesitate to acknowledge that I am completely dominated.

I think it is very dangerous that a member should rise and emphasize the matter of censorship so far as the C.B.C. is concerned. I hope during the debate there will be speeches by other members of the house that will restate the need for free expression of public opinion. You can quote Milton's Areopagitica in relation to censorship; but I always think of one sentence he wrote; that you cannot understand good unless you know evil. By knowing evil he meant just knowing what it was. I think that pertains pretty well to what we see on C.B.C. programs. If our young people cannot be trusted to look at a girl in a scanty pair of shorts or with a certain amount of cleavage, then I say we might as well throw up our hands and give up on our young people.

Mr. Thomas: Would the hon. member permit a question?

Mr. Fisher: Certainly.

Mr. Thomas: Is he advocating a board of control over our national system which would fail to exercise judgment concerning the moral content of the programs that are broadcast?

Mr. Fisher: In reply I should like to state very briefly that if the hon. member would look at the speech made by the member to whom I referred he will see that he spelled out very clearly certain criticisms that reminded me very much of communist China, where they are always going through an orgy of self-criticism. I feel that to spell out censorship in such terms with relation to a regulatory body is bad. Certainly I would expect that in general the regulatory body would express certain ideas to the management of the C.B.C. and any of the other stations about the content of programs. However, I would hope that it would not be a formal job of theirs, that in essence it would be a minor aspect of their duties and that such action as they might take would be advisory rather than regulatory.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, last night, at ten o'clock, the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) moved the adjournment of the debate. I expected him this afternoon to conclude his speech but, for some reason best known to himself, he has not seen fit to do so. There are a few questions that I would have liked to put to him after he was through. So, I now ask him if he would allow me to ask three questions of him.

Mr. Pigeon: With pleasure.

(Text):

Mr. Speaker: Order. I cannot permit it even if the hon. member will permit it. He has spoken on this motion and he is not permitted to speak again. The hon. member is free to make his own speech.

Mr. Rouleau: Thank you, Mr. Speaker.

(Translation):

Mr. Speaker, a little later I shall reply to the remarks made yesterday by the hon. member for Joliette-L'Assomption-Montcalm. Among other things, he asked the Minister of National Revenue (Mr. Nowlan) to set up a board of censorship in order to rate television programs and safeguard, as he said, the rights of morality. Well, if the hon. member wants to protect the rights of morality, I would strongly advise him to do so in the various constituencies of the province where, as he knows, there are speak-easies.

At the moment I should like to call the attention of the house to the fact that the amendment proposed by the Leader of the Opposition (Mr. Pearson), with regard to radio and television, is altogether relevant and timely.

When Conservative members were in the opposition, they never missed a chance to charge the government with interference in matters relating to radio and television. When Conservative members were in the opposition, they spent their time in recriminations and complaints that their party was not being allowed the air-time to which it was entitled over radio and T.V. Meanwhile other members, on the government side, were harping on the same string, claiming that Conservatives were being allowed too much time on radio and T.V.

Any man with strong convictions will always feel that members of opposite parties are allowed too much time over the state-controlled radio and television. Now that we are in the opposition, we find the situation has not changed. For instance, when the Prime Minister of Great Britain came here to address the House of Commons, the cameras were aimed solely at government benches. It was overlooked that in a democracy, the parliament is made up of both a government and an opposition.

The only consolation we had in watching that program on T.V. was to see on the screen this charming lady who is the Minister of Citizenship and Immigration (Mrs. Fairclough).

(Text):

I was just saying, Mr. Speaker, for the benefit of the Minister of Citizenship and Immigration, that the other day when the Prime Minister of Great Britain addressed the House of Commons only the government side of the house was shown on television, but we took great pleasure in looking at the charming lady who is Minister of Citizenship and Immigration.

(Translation):

When they sat in opposition, Mr. Speaker, our Conservative friends were forever clamouring for a regulatory body for the control of private and public broadcasting. And while the Conservatives were busy running down the government, and making demands, the government of the day set up the Fowler commission and gave it the responsibility of inquiring into the problems that faced private and government broadcasting. The Fowler report, published just before the June 1957 election, contains conclusions which the government should consider seriously and adopt in their entirety.

The Liberal party's policy with regard to radio and television was clearly set out yesterday by the Leader of the Opposition. As

usual he was clear, accurate and concise in his remarks. He stated incidentally that he fully endorses the view expressed in the Fowler report, that there should be a single broadcasting system in which private stations would be the indispensable and welcome partners of the C.B.C.

The C.B.C., Mr. Speaker, has done a tremendous job throughout Canada, in setting up a truly national network. Useful assistance was given the C.B.C. in this work, by owners of private radio stations. Some time ago I received a letter from the manager of one of these private stations, who, among other things, wrote:

> However before permits are issued for private T.V. stations, there should be issued requirements than has been the case, sometimes, with radio.
>
> To begin with, the licensing authority should make sure that the applicants have the necessary capital to embark on an undertaking of this kind.
>
> Secondly, they should make sure that applicants have the necessary know how or have had practical experience, say in the field of radio broadcasting, as evidence that they could manage a television station.
>
> Thirdly, it should be realized that we do not want a T.V. station for the sole purpose of making money out of it, giving the public any sort of trash, but to supply good programs, suitably varied to please all tastes.

Mr. Speaker, as the television and radio systems throughout our country advertise and help to develop our culture, it is most important that these two media be controlled. In our country, radio and television broadcasts are an important part of our national heritage, and should, as I said, help to widen and to mould our national culture everywhere in this country.

In its conclusions, the Fowler report emphasizes the dual racial character of the Canadian nation; it takes into account the existence of French people in Canada as well as the economic and geographical realities of this country. Throughout its recommendations, there is an apparent concern with adequately meeting the needs of a dual race population, of a dual Canadian culture bent on remaining such. The commissioners gave a whole chapter to the necessity of extending the French network all over our country.

> The reports states that "the sentiment of French Canada as expressed through the briefs heard publicly by the commission, or submitted to it for private study, was virtually unanimous in its commendation, with only minor reservations, of the general texture of the programming of the Canadian Broadcasting Corporation in the French language and of what was believed to be the genuine effort of the management of the C.B.C. to respond to the needs of French speaking Canadians for a distinctive broadcasting fare".

[Mr. Rouleau.]

Further on, the Fowler report cautions those who preside over the destinies of this country against certain dangers.

> And yet we may owe it to Canada to test the core of resistance. National leadership is a failure when it remains blind or inert before wholesome underlying trends that are precisely in need only of enlightened or courageous leadership to come to the surface. Hence, any new departure that holds before us the vision of deeper spiritual harmony among Canadians of the two main cultural groups is one that all earnest Canadians should studiously examine.

Because of the cultural importance of broadcasting, and because we are dealing here with a national asset, as I said a moment ago, radio and television must not escape the supervision of parliament. At the present time that regulatory function is exercised by the C.B.C.'s board of governors. The Fowler report suggests to the government that this be henceforth exercised by a board of governors for radio and television composed of prominent representative Canadians, responsible to the government and not beholden to any political party. That is what the Leader of the Opposition (Mr. Pearson) demanded in his speech yesterday. I am convinced that such action would be satisfactory to all concerned.

The C.B.C. has an excellent record. It has been of tremendous service to the Canadian nation. And when I hear a speech such as that made yesterday by the member for Joliette-L'Assomption-Montcalm, I cannot help rising in rebuttal.

Someone called my attention to an article on the subject of the C.B.C., and it occurred to me that the hon. member for Joliette-L'Assomption-Montcalm might well have drawn some inspiration from it. It was printed in a paper called *Nouvelles Illustrées,* formerly known as *Nouvelles et Potins*—

Mr. Pigeon: Mr. Speaker, that is an absolute falsehood, and I would ask the hon. member for Dollard to withdraw that statement.

An hon. Member: He has not made a statement yet.

Mr. Rouleau: Mr. Speaker, I have not asserted anything. I did not say the hon. member had lifted his speech from that article; I merely said that there was in there a source of inspiration for the hon. member.

Mr. Pigeon: In no way whatever.

Mr. Denis: Neither directly nor indirectly, as Mr. Duplessis would say.

Mr. Rouleau: Mr. Speaker, *Nouvelles Illustrées* is the unofficial spokesman for the Union Nationale.

Mr. Pigeon: Mr. Speaker, I ask the hon. member to withdraw those remarks; they are out of order.

Mr. Rouleau: Well, if the hon. member did not draw his inspiration from that article, perhaps the writer drew his inspiration from the hon. member's speech, for they are very much alike. Here is what it says:

> That the Conservative government should thus foster a focus of hostility towards itself, that is its own business. But the people of the province of Quebec demand an early and thorough clean-up.

The author of the article also states:

> If the Liberals were in power, states writer Robert Rumilly, they would not tolerate the Conservatives ruling the roost at C.B.C. headquarters a year after a Tory defeat.

Elsewhere in the same article we read the following:

> Enemies of Maurice Duplessis sometimes brand him as a dictator, but in no other country in the world would such attacks, made on the state-controlled television against the head of the government be tolerated.

The article also mentions the name of Miss Simone Gelinas, editor of *Notre Temps*, official organ of the Union Nationale,—and goes on to say:

> As for me, I am less polite, or more "fed up" . . . I say that a government that is being fooled like that by the state radio is a government of cuckolds.

At the top of the page, the article concludes as follows:

> There should be a clean sweep in the C.B.C. and we are offering the broom!

Mr. Speaker, I presume that the present government is not prepared to accept the broom being offered by Mr. Rumilly.

Those words of inspiration, which fall so unpleasantly on the ears of certain hon. members, were perhaps written by the ghost-writer of Mr. Maurice Duplessis, the "jaundice" of the Union Nationale, false prophet Robert Rumilly.

Mr. Deputy Speaker: I regret to interrupt the hon. member but I feel he is drifting away to some extent from the amendment.

Mr. Rouleau: Mr. Speaker, I noticed that when you interrupted the hon. member for Joliette-L'Assomption-Montcalm, last night, he went on with his remarks just the same, and I respectfully submit that you should grant me the same privilege.

Mr. Pigeon: Mr. Speaker, I made no mention of a broom.

Mr. Boulanger: You referred to scanty attire; what has that to do with the discussion?

Mr. Rouleau: In any case, Mr. Speaker, if all those people were replaced, that the hon. member wants fired, and if there were a general clean sweep at the C.B.C. it might well afford an opportunity for patronage.

I resent the attacks made here by the hon. member for Joliette-l'Assomption-Montcalm against three honest persons: Messrs. Pierre-Elliott Trudeau, Gerard Pelletier and Jean-Louis Gagnon.

I do not know the political affiliations of Messrs. Trudeau and Pelletier, but I do know, and full well, those of Mr. Jean-Louis Gagnon.

In some quarters, well-known to the hon. member for Joliette-l'Assomption-Montcalm, there were attempts to besmirch the name of Mr. Jean-Louis Gagnon. It was hinted that he was a Communist, which is absolutely false. They resent Mr. Gagnon because he is a Liberal. He is an honest man, a man of great culture, who is a credit to us not only in this country but abroad.

Moreover, the hon. member should know that the C.B.C. has on its payroll men like Roger Duhamel and Dostaler O'Leary. When the Liberals were in power, there were men at the C.B.C. who criticized the government, like Andre Laurendeau and Gerard Fillion, yet the former government never moved a finger to have them fired.

They were doing their duty as newsmen and the former government never interfered. I therefore hope that this government will never hamper the freedom of the press.

If some newsmen attack us, in matters of politics, on the radio and in the press they do so to help their fellow citizens. They live under a democratic system, and they are not ousted, as was done recently to a newsman by a certain premier.

In his remarks, the hon. member used the same expressions as the premier of his province. Yesterday in his speech the hon. member used the phrase "whited sepulchres" in reference to men like Messrs. Pelletier, Trudeau, Gagnon and perhaps even of all Liberals. Well, that happens to be a pet expression of the premier of Quebec. It is no problem to discern where the hon. member for Joliette-L'Assomption-Montcalm got his education. The men he mentioned yesterday are honest people who go out of their way to do their duty. I would like to know what the hon. member means when he says "leftism"; he did not describe the meaning of this word.

Does he mean to say that people in the C.B.C.'s employ, like Father Ambroise Lafortune, Father Emile Legault, Father Desmarais and Mr. Rene Levesque, are communists?

Mr. Pigeon: On a point of order, Mr. Speaker, the hon. member for Dollard is distorting my remarks. Actually I said that Mr. Jean-Louis Gagnon was the symbol of "leftism".

Mr. Dupuis: Adrien Arcand is a fascist but nobody speaks about it.

Mr. Rouleau: Anyway, Mr. Speaker, the "whited sepulchres" mentioned by the hon. member are not where he chooses to look for them, because the ones he attacked in this house are probably users of natural gas, but there is no need of a royal commission to investigate their doings.

Mr. Deschatelets: Mr. Speaker, I believe that, in moving his amendment the Leader of the Opposition (Mr. Pearson) quite aptly raised a question of national interest which has become a subject of national controversy because of the government's failure to implement the following, taken from the speech from the throne:

> There will be placed before you a proposal to establish a new agency to regulate broadcasting in Canada—

Well, the resignation of Mr. Dunton as president of the C.B.C. has given rise in public opinion to some rumours to the effect that this resignation will be followed by others in the C.B.C. The present confusion was heightened by the numerous speeches made by well-known members of this government, and I refer particularly to the Ministers of Justice and of Finance (Messrs. Fulton and Fleming) who, on several occasions, when they were in the opposition and dealt with this subject, always professed to be in favour of granting greater privileges to private radio and television broadcasting for the purpose of allowing them to set up a network to compete with the C.B.C. on a national scale. It is now well known that the present cabinet is not of one mind as to what should be done about radio and television broadcasting in Canada, i.e. as regards policy, future control, structure and financing.

If this debate were to serve no other purpose than forcing the government to make known at last its policy on this problem, one so important to all Canadians, I am sure that in return Canadians would be grateful to the Leader of the Opposition for having raised the matter.

Mr. Speaker, no medium of communication is more important than radio and television broadcasting, in preserving for this country and the various groups that make up this nation their national and cultural heritage. In this regard, the hon. member for Laurier (Mr. Chevrier) in the fine speech he made yesterday, splendidly outlined the great work accomplished by the Canadian Broadcasting Corporation. I feel that we should be proud of the progress achieved in the last few years. Proximity to the United States presented some dangers in this regard. We managed to avoid those dangers and, in spite of American competition, we preserved the typically Canadian character of our culture and of our art.

On several occasions, we have been proud to hear foreigners pay high tribute to the quality of our programs, as well as to the quality of our performers. To a certain extent, this is the work of the previous government, and of this we are very proud. However, we are anxiously wondering today what the policy of this government will be with regard to future development of our radio and television broadcasting system. Our own approach to this matter has always been the same, it is well defined, very clear and was reiterated yesterday by the Leader of the Opposition. We feel that the national interest must prevail and take precedence over any private interest whatever. We recognize the important part that the private radio and television stations are called upon to play in this regard in Canada, but they must do so under the authority and the supervision of a regulatory body.

The Fowler report has been in the hands of the government for more than a year. We have been told nothing of the government's attitude in this regard. The time has now come for it to clear up matters in this connection.

Now Mr. Speaker I have a few suggestions to offer with regard to Canadian radio and television so that they may be better fitted to render maximum service to all classes of our people. Hundreds of thousands of Canadians, night workers, shut-ins, the sick or disabled, either at home or in hospitals, are deprived of the enjoyment of television. I wonder if it would not be possible to put on more afternoon films, so that these thousands of our fellow-citizens might have an opportunity to enjoy this entertainment which is unavailable to them in the evening.

At the time I sat on the government side, I called the attention of the Minister of National Revenue to the fact that French films shown on channel 2, Friday and Saturday evenings, were often of very doubtful quality. There already has been an improvement in this regard, even though we must recognize that there is no great choice in this matter since selections have to be made among films produced almost ten years back. But I do feel that if the Minister gave instructions in this regard, there would certainly be a marked improvement.

As regards the financing of radio and television in this country, I feel that we should favour increased spending. To my mind no Canadian would really object, because it would mean a more tangible form of assistance for our young people of talent. If we expect to compete with American radio and television, we must make it easier for our young folk to break into television by means of competitions and prizes that would bring unknown talent out of hiding.

Before closing, Mr. Speaker, I would like to say a word or two about a speech delivered yesterday by my hon. friend from Joliette-L'Assomption-Montcalm (Mr. Pigeon). I will merely note a sentence which may be found in the official record of this house, page 2228:

> Let there be a little cleanup job in the C.B.C.; let us throw out these people with warped ideas, leftist ideas, who grab half the television programs—

I have no wish of going into any details in this connection, but the hon. minister will have no difficulty in following me, since this is an extremely important matter. I feel that every newspaperman and every hon. member who sat in the last parliament, the 22nd parliament, will admit that we of the Liberal party have prevented politics from entering into the operation of Canadian radio and television. There is an old saying: "When politics enter the courts, justice is ousted".

Well, the day when we will let politics interfere in the field of radio and television in Canada, we will slowly but surely march towards totalitarianism. The word "cleanup" is often directly connected with political patronage. May I therefore be allowed to give some good advice to the hon. minister (Mr. Nowlan), and ask him to do as we did, i.e. to keep politics out of television and radio. As far as we on this side of the house are concerned, we will see to it that the government does not depart from the policies we have established in this matter.

(Text):

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I had hoped to reserve my observations until the Minister of National Revenue (Mr. Nowlan) had had a chance to speak, because it may well be that many of the things I might otherwise say it would not be necessary for me to say and it would therefore have facilitated what the Prime Minister (Mr. Diefenbaker) asked for yesterday, namely the speeding up of the business of the house, but since the minister is even slower than I in getting to his feet and since you, sir, were about to put the question, I seem to have no choice but to speak before the minister.

I should like to begin by referring to the subamendment moved by the hon. member for Kootenay West (Mr. Herridge). Perhaps it is almost unnecessary for me to say that we in the official opposition will be very glad indeed to support the subamendment. We hardly think it is necessary, as a matter of fact, after the words which were said by the Leader of the Opposition (Mr. Pearson). If one compares the terms of the subamendment, which can be found on page 2221 of *Hansard* as follows:

> And this house further regrets that the government has not declared itself in support of the maintenance and expansion of publicly owned facilities in the field of radio and television—

—with what the Leader of the Opposition said at page 2215 of *Hansard*:

> The proper operation and development of such a national system of broadcasting will be costly and will involve increased public expenditures in the future.

And then these words which I hope all hon. members will mark well:

> It is imperative that we should be prepared to meet this responsibility if we want to grow and develop as a distinct nation.

I think it will be seen that the point has been dealt with. But I see no harm whatsoever in having this point stated explicitly as it is stated in the subamendment which was moved by the hon. member for Kootenay West, and we are very happy indeed to support the subamendment.

If I could think that the words, if I may put it that way, of the Minister of National Revenue when he spoke in the house on June 3 represented the considered and final views of the government, I should think it would not have been necessary for us to have brought this matter before the house. I must say I found many good things in the minister's speech; I found nothing much to disagree with except a very minor question of propriety as to whether he should have talked about the 15 per cent excise tax in the way he did, but I regard that as such a small fly in such an excellent ointment that I commend everything the minister said and I should like

to remind members particularly of these words recorded on page 813 of *Hansard* in the middle of the second column:

> I pay tribute where tribute is due. I think the Liberal government deserves a tribute once in a while for some of the things it did, at any rate. I want to point out this fact also. In the United States of America there are three television networks and according to the financial reports none of them, as networks, are making much money, if they are breaking even.

And then the minister went on to point out the difference between the situation there and here. If we could feel that the statements that the minister expressed on that occasion were going to be reflected in the policy of this government when it is finally brought in in this house, I hope during this session—the Prime Minister rather intimated yesterday that we could look for everything this session that was forecast in the speech from the throne—we should be very pleased indeed. Of course, I cannot question what the Prime Minister said, though perhaps I can have a few private doubts about it. But we do feel it would be quite wrong for this session to go by without some firm indication of the direction in which the government intends to move. I must say that I personally would not be disposed to quarrel with the government too much if they did not finally complete their legislation this session, if they thought it more expedient to bring down the financial proposals which are in many ways, I think, the most urgent, and to indicate the lines along which they intended to proceed. I think that might be a wise course, because it would provide an opportunity not merely for us in this house and for the ladies and gentlemen in the other place to consider the government legislation, but it would also provide for the kind of opportunity that from time to time is given to the public generally to consider measures of great importance bringing about important reforms such as was given, for example, by the Minister of Finance (Mr. Fleming) in connection with the estates tax.

However, I recognize that it is not my responsibility nor my function to determine the course to be taken by the government. The most I can hope to do is to influence it, and I must say that if I can add a little to the influence which I hope and believe, and which there is certain evidence for believing, the Minister of National Revenue is exerting on his colleagues, I would feel we were moving in the right direction. I must say I was very pleased, too, by what the hon. member for Kootenay West said though he did not go quite as far yesterday as the Minister of National Revenue went the other evening.

[Mr. Pickersgill.]

But the hon. member for Kootenay West (Mr. Herridge) did say, as reported at page 2218 of *Hansard* of July 14, 1958:

> I think this indicates very clearly that while, as the Leader of the Opposition said, there is no organization or group that does not make mistakes under very difficult conditions where we have had this development of television, a very expensive medium of communication in recent years, changed technical conditions, procedures and things of that sort, the C.B.C. has done a wonderful job in this country, which is recognized by the Canadian people as a whole.

I would be the last person to claim that the government which was in office for all but one year of the life of the Canadian Broadcasting Corporation deserves all the credit or even most of the credit for the achievements of that corporation but I do not think it can be denied nor do I think the Minister of National Revenue—although that may not be true of all his colleagues—would want to deny that the government which was in office from the time the C.B.C. was established in 1936 until certain unfortunate events in June of last year did create a climate in which the kind of C.B.C. could be developed of which the vast majority of the Canadian people are very proud as was shown, I think, whenever the issue was joined either in this house, in any parliamentary committee or whenever it was investigated by successive royal commissions.

It seems to me as the Leader of the Opposition very well pointed out yesterday, and as has been pointed out by almost every one who has spoken with the exception of the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), who seemed to have rather different ideas about the C.B.C., that the feeling in this house is that the Canadian Broadcasting Corporation, or perhaps I should rather say a national broadcasting system receiving a considerable measure of support from public funds, is essential to the national life of our country. The problem of radio and television broadcasting, as I see it, is the problem of Canada itself. It is the problem we have confronted over and over again ever since we made the resolution nearly 100 years ago to create a transcontinental nation in the northern half of this continent. We have discovered in almost everything we have tackled on a national scale that, because geographically we are inevitably on the margin of a country with ten times the population and more than ten times the developed—I do not say the undeveloped but the developed—resources of our own, that it is not possible to allow our national institutions to develop solely by the free play of economic forces. I have a predilection for the free play of economic forces; indeed, I belong to a party which has

this predilection. But this is one field in which it became very quickly clear, even in the twenties of this century when radio was first developing and broadcasting was first being undertaken, that there would be no distinctively Canadian content to radio broadcasting if it were left to undiluted commercial enterprise.

It was that circumstance which led the government of Mr. Mackenzie King in 1928 to appoint the Aird commission. It is very significant that the report of the Aird commission has, in its essence, been accepted by and acceptable to the great majority of Canadians and to all governments ever since. There has been one deviation from the recommendations of the Aird commission, of course, but up until now there has been only one serious deviation.

There is no doubt that at the time the recommendation was made it was contemplated—and I think it was still contemplated even at the time the Canadian Broadcasting Act was first introduced in this parliament in 1936—that there would be a state broadcasting system and nothing else, as there is in the United Kingdom. We should remember, of course, that these recommendations were made and implemented at a time when we had a population of 10 million instead of 17 million in this country and at a time when economic activity was very different from the level it had attained at the time the Fowler commission made its report which, I might remind hon. members, was before the current recession began.

It is possible to contemplate that some of the economic conditions which made it seem imperative to the Aird commission that a complete monopoly of broadcasting should be given to a state organism were found not to be present because of the growth of population, wealth and capacity to support alternatives, but as the Fowler commission pointed out there were certain unfortunate as well as many very fortunate results which flowed from the deviation from that original decision. One of them was, of course, that because the private stations were anterior at least in time to the C.B.C. and they had established certain rights—not vested rights because specifically they were excluded, but rights of use and wont—they perhaps did manage, in one or two cases, to retain certain valuable franchises which were really a part of the public domain for which the public was not given as adequate a return as the public should have got.

That has been one of the thorniest of all the problems that every government has had to face. Once we decided to deviate from the original conception of a purely state agency, once we decided that private stations regulated by a state agency should be a part of the national system, it was quite clear that the most difficult decision—and as the hon. member for Port Arthur (Mr. Fisher) pointed out, the kind fraught with the greatest danger—would have to be made from time to time, and that was how and at what price and in what circumstances should part of the public domain be exploited by private users. It should be pointed out over and over again that the airwaves are the public domain, that they are limited and that the public has the right to control them completely. All this talk about the possibility of free enterprise and competition in this sphere is, as the Fowler commission pointed out, talking about something that is not in accord with the facts of the situation.

Whenever a private station—be it a radio station or even more a television station—is given a licence it is being given a chunk of the public domain to exploit and it seems to me it should be given that chunk of the public domain to exploit only if it is going to be exploited in the public interest. That does not mean, of course, that the people who do the exploiting are not entitled to a proper remuneration for what they do whether it be in the form of salary and wages or in the form of profits, but it does mean that the public interest should always be paramount and always be put first.

It seems to me there are three problems of major significance that face the government at the present time. I am going to state them in the order of difficulty and it so happens that I think the order of importance is the exact opposite of the order of difficulty.

I think the least important of the three, but the most difficult of the three, is to decide to whom, where and under what conditions private licences for television are to be granted.

Mr. Nowlan: That is the least important.

Mr. Pickersgill: I say that that is the least important of the three in the whole picture but I think it is the most difficult of the three and I think the most fraught with dangers of many kinds for those who have the responsibility for discharging that obligation. We all know that of all those potential franchises the most valuable one is clearly the second channel in the city of Toronto. Not only is this the largest aggregation of population in the country using one language, or predominantly one language, but it so happens that in Toronto there is only one more channel available while in Montreal there are two. I am subject to correction on this but I think there are two in Vancouver, but in any case even if there is only one in Vancouver it might potentially be much more

valuable than the one in Toronto but it is not actually so.

I thought of reading page 233 and the two following pages of the Fowler report but I do not think I will weary the house by doing it. I would like to draw them to the attention of hon. members because they deal specifically with this point.

It does seem to me that there are two ways of approaching this matter, two quite opposed ways, and there might, of course, be many gradations between those two. At the one extreme, if one wanted to apply the principle of almost undiluted private enterprise to this problem—and I must say I have thought there might be quite a good deal to be said for following that course—it seems to me there is one thing that could be done and that is that the second channel in Toronto could be put on the auction block and given to the highest bidder for an annual rental that would provide a very considerable revenue which could be used to improve public network television and television generally. If that were done, of course, and it were treated as a purely private enterprise problem, it would be quite wrong for the government to impose any conditions upon the broadcasting except such conditions of decency as might be felt to be in the public interest. If we were to make that approach, the purely private enterprise approach, the exploiters would have to be allowed to decide for themselves how they could make the most out of the station.

At the other extreme—and I must say that I have a preference for this other one, as the Fowler commission also had—it does seem to me that there should be very careful criteria laid down as to the kind of broadcasting that was to be done, as to the conditions under which the broadcasting was to be carried on, as to Canadian content above everything else, and that every effort should be made to see that the licensees of these private stations were not chosen because of their wealth, because of their political affiliation or because of any other conditions except their demonstrated competence and their capacity to do the job of providing a thoroughly Canadian service.

I do think there is quite a lot to be said for both of these alternatives; but what I think there is nothing whatever to be said for is to give this licence at comparatively low annual fee to some private interests to exploit for profit without many conditions being attached. If the station is to be run purely as a commercial operation for profit, then the unearned increment, the part of the profit that is due to scarcity, the part of the profit that is due to the fact that a section of the public domain is being exploited, should come to the state, to the people to whom it belongs and should not go to the undertakers of the enterprise. On the other hand, if we are to lay down serious conditions of Canadian content, serious conditions such as are suggested in the Fowler report, then we should make absolutely sure that the licensees are the kind of people who will carry out these conditions, and there should be a body to police them in order to see that they are carried out.

As I say, I think there is a lot to be said for those two possible solutions but there is nothing to be said for the third course that I mentioned. There is another alternative, of course. It was suggested to me on one occasion by a friend of mine that the C.B.C. should have the second channel in Toronto and those other profitable channels and run a purely commercial type of operation in order to help balance its books. I do not think much of that idea either, though I can understand some people in the C.B.C. thinking it might be a very good way of meeting some of their financial problems, and undoubtedly it would be. I do think, too, as the hon. member for Port Arthur did point out in what he had to say, that we do need to be pretty careful—and the Fowler commission indicates the same thing—about the duplication of stations to make sure that we are not going to siphon off too large a share of the potential advertising revenue into the private station and throw an unnecessary burden upon the taxpayers as a whole in doing so. That is the same problem exactly as the Minister of Transport (Mr. Hees) is facing with his proposed competition against T.C.A., but I do not want to be diverted into that channel, though I think the minister would understand that very well.

I come now to the second of the three problems that it seems to me the government has to face here. There are three major problems, the second of which, as I say, is rather more important even than the first one I have mentioned but I think a little less difficult, a little less complex, and that is the problem of the proper way to finance the C.B.C. I think all of us agree that it would be quite unrealistic to think of going back to the old system of having licences. Any government that undertook that, however popular it might be for other reasons, would become unpopular very quickly if it undertook that course. I think also that it is quite unrealistic to think that we could have the kind of national television service, or even a Canadian national radio broadcasting service that the Canadian people have demonstrated over and over again they want to have without some support other than advertising revenues. Therefore, it means either

that we should use some device like the 15 per cent excise tax—of course, I was a member of the government that did it; I think I was or, if I was not, I was an adviser of the government that did it.

Mr. Lambert: It is the same thing.

Mr. Pickersgill: I think it is a device that worked very well; I think it was a very fair device in the days when many people did not have television, because it made sure that the building up of the television chain would be paid for by the people who got the benefit and not by the people in Bonavista-Twillingate and other areas who cannot receive television programs from anywhere because there is no station near them. If we are to approach 90 per cent coverage, as we hope to do and I think we should, it does seem to me that the problem of discrimination between one form of raising money and another will become less important.

What is important is the problem of determining how much money the C.B.C. should have and how it should be provided. I quite agree with the Fowler commission that it should be voted by parliament. I quite agree that the ultimate responsibility should be with parliament. But we in this party have always agreed that we do not want any direct or indirect pressure from the government upon the national broadcasting system, and I was very pleased indeed to hear certain statements made during this session by the Prime Minister which suggested that he took exactly the same view. The kind of financial control that should be exercised by parliament is the control that is concerned with getting the most for the least money and nothing else. We do not want to have the government setting itself up as a board of censorship nor do I think we even want parliament to do so.

In my opinion the only way you can run a system that is going to have any vitality is to choose good people to run it, trust them to run it and if they do a bad job then do something about them. I was not reassured by hearing the speech of the hon. member for Joliette-L'Assomption-Montcalm because I do not think we in parliament should attempt to be censors. I do not think that most of us have the necessary attributes or the necessary time and I would have the very gravest fears of any attempt to have parliament do that.

At the same time I know that when we were in office we felt greatly concerned about the rapid growth in the cost of this operation and the prospective cost which was even more frightening. We did think that perhaps there might be some faint disposition on the part of people wanting to do a good job, wanting perhaps to be perfectionists, to feel that there were unlimited funds with which to achieve perfection. I do not say that that attitude was a very prevalent attitude in the C.B.C. but I do not think it was entirely absent either.

While I am not going to endorse every word in the report of the Fowler commission, it does seem to me that its basic view is sound that a certain amount should be allocated to the C.B.C., with safeguards for changes in the value of money, and the C.B.C. should be told that is all it is going to get for the next four or five years and that it must make do with it, choose the things that it thinks are most important and cut out the things that are not quite so important. I know that in the last year or two we were in office we subjected the film board to that regime and I felt it had a very good effect indeed upon their attitude to their expenditures. I believe that something of that kind would indeed be the best way.

The Fowler commission recommends three different methods. As between them I think it would be silly for me to make any observations because the government will probably have a fourth one and we had better debate the actual proposition instead of an academic proposition. But I would hope that the government would never think of bringing in annual estimates which would inevitably turn the C.B.C. into something indistinguishable from a government department. I cannot conceive that it would be possible to do this by the method of annual estimates without bringing directly, and more particularly indirectly, pressures upon this organization which I believe would sooner or later, almost inevitably be political and partisan in their nature.

That brings me, of course, to the third problem the one which I think is by all odds the most important but which I also think is the least difficult. That is the problem of control. While I had some sympathy for the feeling that engendered the propaganda of the Canadian association of broadcasters—its name is somewhat longer now—I think that it was fallacious. It was never intended that we should have two systems like the C.N.R. and the C.P.R. It was never intended at any time by any parliament that there should be more than one system of broadcasting in which the private sector complemented the public sector.

I have never felt that there was anything wrong whatsoever in principle or indeed in practice—the Fowler commission has said so too—about the regulation of the private stations by the board of governors of the

corporation. I must say I had a good deal of sympathy with what some of the private broadcasters had to say about employees of the C.B.C. exercising control over them. I think they had a valid point when they said that they did not object so much to being controlled by the board of governors or by people directly responsible to the board as they did to employees lower down the scale exercising control over them. They felt that this created jealousies between the private stations and some of the public stations which may have been unfortunate. I do not claim to possess any personal knowledge but I think an argument could be made and in my opinion the basic solution suggested in the Fowler report that there should be one board to control both but that control should not be exercised by employees actually engaged in the operating agency is a good and sound one.

But what is most important, what I should like to emphasize above all, is that national broadcasting should be as independent of the government as the judiciary. What is important is that we find a formula—whether it has been found by the Fowler commission I am not absolutely sure—which will make it absolutely certain that there is no way in which the government can yield to the temptation, which I suppose is present in all executives, namely to use all legitimate means to further their own ends, to exercise pressure upon the people who have control of this great agency, which we believe must be a national agency and must be supported by the state, in order to favour one political party, one group or one set of ideas rather than another. We do not want to have a totalitarian type of broadcasting system. If we are going to have a national system, we have to have one that is financed by the state to some degree and controlled by an agency of the state.

In that regard it seems to me that the great historic experience of the British peoples in establishing courts that can be completely independent of the executive, and they are independent, is the real model and pattern for us to follow and that in this matter more than in any other field it is of vital importance, not only that there should be no interference by the executive branch of the government but that there should be no colour of interference. If the government brings before us proposals which cover this point completely, which give us real assurance that what has been the case over the past 20 years will continue to be the case, then in my opinion they will have no difficulty with that part of their legislation in getting it through the house.

[Mr. Pickersgill.]

As I said at the beginning, and I say it again now in coming to the close of my remarks, if I felt that the Minister of National Revenue was himself going to decide this question I would have great hope and great confidence. But we have had from hon. gentlemen opposite, in their different metamorphoses—and they have been many in the past 25 years—many divergent views about how broadcasting should be carried on in this country. We had Mr. Drew's famous proposal to which the hon. member for Laurier (Mr. Chevrier) referred last night, that all the lucrative broadcasting should be left to private industry and the government should pick up the tab for the outlying parts of the country. In 1952 the hon. member for Laurier demolished that proposition so completely that we never heard it again. Incidentally, he made one of the most magnificent speeches that I ever heard in this house; that was before I was a member.

I do not believe there is much danger of the Tory party reviving that proposition. Then, we had the Prime Minister making a statement at Kenora, with which I am sure the minister is familiar, on March 18, when he said:

> I have read and studied the report.

The reference is to the Fowler report.

> We intend to bring in legislation for a semi-judicial body similar to the board of transport commissioners so that radio and television will have that justice which is the essence of our system.
>
> The time is long overdue to assure private stations in competition with the publicly-owned national organization, that their cases shall be judged by an independent body instead of as in the past by those in national competition, acting as judge and jury.

I would not have minded so much the first paragraph, but I do not care very much for the second. I imagine that perhaps the Prime Minister was speaking, as he sometimes does, without a text and perhaps without the same amount of reflection that he might have given to his words on a different occasion.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his time has expired.

Mr. Pickersgill: I rarely ask for the indulgence of the house, but I could finish in one minute.

Mr. Nowlan: Go ahead.

Mr. Deputy Speaker: Has the hon. member unanimous consent to proceed?

Some hon. Members: Agreed.

Mr. Pickersgill: As I was saying, with the first half of the Prime Minister's statement I find no difficulty, but the second half worries me. It worries me quite a lot. This conception of competition, and this conception

that it is not one unified national system. I hope when the government's proposals are matured that that will disappear. I may say—I never thought the day would come when I would say this, but in closing I want to say it—this is one field in which I hope the Tory party goes back to Bennett because on this subject, and on this subject almost alone, Bennett was right.

(Translation):

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I want to join hon. members who spoke before me and supported the amendment submitted yesterday by the Leader of the Opposition (Mr. Pearson). After listening to severe criticism aimed at the C.B.C. by government members when some of them were sitting in the ranks of the opposition, we are hardly surprised that our leader, the hon. member for Algoma East (Mr. Pearson) should have thought it was time to upbraid the government for delaying a statement explaining its policy with regard to our radio and television systems.

From its timid attitude with regard to the C.B.C. and the delay in revealing their policy to this effect, we may conclude that the government has now realized that our present system, which they so vehemently criticized when they were still in the opposition, managed, though it is not yet quite perfect, to combine public broadcasting and private property by an agreement very suitable to our country, which meets the demands of the great majority of Canadians.

This house certainly regrets that the government has not yet submitted any proposals for the control and financing of radio and television, and it is also important that some decision be announced as soon as possible in order to dispel any uncertainty that may now exist with regard to public and private broadcasting in Canada.

Our radio and television system, as it exists today, is perhaps not perfect and could no doubt be improved in some respects, but we have to realize and to admit that it is to our advantage to keep, as far as possible, our Canadian identity and our Canadian culture.

It is to our advantage to avoid, if possible, in our cultural system, any foreign influences which might affect this Canadian element which is our own, both inside and outside the country.

Mr. Speaker, I do not want to delay any further the debate on this important question upon which depends the future of radio and television in Canada.

I am glad, however, to take this opportunity to associate myself with the remarks made in this house yesterday by the member for Laurier (Mr. Chevrier) with regard to French language stations in Canada.

We recognize that the Canadian economy cannot by itself take care of a radio and television system depending only on commercial revenues. That is why it is essential that a system such as the C.B.C. should be supported by public funds, and this is all the more necessary if we wish to protect the rights of our various racial groups.

We, as members of a minority group in the maritime provinces, recognize that the principles adopted by the C.B.C., and especially those regulating the operation and control of French language stations, try to be fair towards our minority groups.

Representatives of various French language groups who appeared before the Fowler Royal Commission, were practically unanimous in approving the general quality of the French language programs of the C.B.C. They took the opportunity to pay tribute to the governors of the C.B.C. who endeavour to give the French language population of Canada a service which aims to satisfy the requirements and demands of the French-speaking population.

We should also recognize that, in their briefs, those various groups requested improvements which were then introduced by the C.B.C. as far as financial and technical facilities allowed.

I should like to mention particularly those briefs submitted in French from the maritime provinces, that dealt with the establishment of a television station connected with the French network, having its broadcasting centre in Moncton.

As announced in this house a few weeks ago by the Minister of National Revenue, the request was considered reasonable and the C.B.C. wasted no time in taking the necessary steps for the establishment of this station.

Realizing that most of the French-speaking people of New Brunswick live in the northern constituencies of the province, the C.B.C. promptly acted on our request that French network programs be extended to the new television station planned for New Carlisle, the inauguration of which is anxiously awaited in the northern area of New Brunswick and of the Gaspe peninsula.

We have reason to believe that the C.B.C. will not delay in agreeing at the same time to the request of the English-speaking people of this area, particularly in extending to this station or to the northeastern area of New Brunswick, the programs of the English network of the C.B.C.

Mr. Speaker, I am therefore happy to support the amendment moved by the Leader of the Opposition.

(Text):

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, on this subject of radio and television broadcasting in Canada perhaps we have had just as much in the way of speeches and material written in those other media of communication, the newspapers and magazines, as on any other subject that has been before us for a number of years. I am speaking as perhaps the only one who has intervened in this debate and who comes from a region where private radio and television has more scope than in this particular area of the country. Perhaps some of the views of the hon. gentlemen who have spoken have been coloured by that fact. I would like to draw to the attention of hon. members some of the difficulties which face those concerned with the development of radio and television in Canada.

I do not think I need to go back over the history of this subject, because references were made by the proposer of the amendment and those who followed him to the Aird commission report, the Massey commission report and finally the Fowler commission report, which pretty well indicate the history of these media. I think we must however recognize the fact that the existence of private radio and television in Canada is not the result of unfettered development as some members might have seen fit to allow, but rather some sort of controlled development. If we look at the results in this light perhaps they are a little easier to understand.

I know there are many areas in Canada where, if development of television had been less restricted, we would have better television today. We have the rather ludicrous situation in Vancouver, for instance, where the viewers in many areas are able to pick up six channels, only one of which is Canadian, and where hundreds of thousands of dollars in revenue pour across the border to United States stations simply because—or this is one of the reasons—the Canadian station does not have enough hours available in which to accept advertising and commercial sponsorship from the people who want to give it. I suggest the same thing applies in Toronto, Montreal and other areas. These cities could support a greater number of channels or outlets and it is not a matter of an entirely commercial outlet taking away all the advertising from the existing C.B.C. outlet.

I think the matter of attracting viewers is a question of the type of program available. After all, you cannot force a person to listen to a radio program or to view a television program against his will. There are, of course, many people who perhaps need a sort of sound conditioning—they cannot live without some sort of background noise—and they will take what is there. We have all witnessed this condition in some rural areas where smaller stations pour out hour after hour a certain type of music which is rather grating on the nerves, but still a lot of people will accept it. However, people are free to choose and if they will listen to that type of broadcasting then such programs will be sponsored.

I feel it is fallacious to suggest that simply because there exist limited channels in the Toronto area that if we turned over the remaining channels to a purely commercial organization revenue would immediately depart from the C.B.C. station. That, I think, is based on the assumption that what the C.B.C. station has to present to its viewers is not worth looking at and that its viewer rating will immediately drop and the commercial sponsors will desert it as rats desert a sinking ship. I do not accept that theory at all; I think it would be a good thing if the C.B.C. had competition in such areas. The men who are in charge of the management of these various private stations are businessmen and they have responsibilities like everyone else and they are recognized as having those capacities, so they will certainly make efforts to cater to the public and make their product a saleable one. As in so many other things the matter of radio and television content is a matter of selling to the public and I would say the best sales attraction for these media would be quality and then service.

I have one further observation to make in connection with the question of private and public television stations. Based on my somewhat cursory knowledge from visiting and participating in programs at both types of stations, I am astounded at the number of personnel in private radio stations compared with those at C.B.C. stations for the same type of program. It is almost incomprehensible. One cannot understand why so many

people have to be around a sound stage at a C.B.C. station. I presume they have a job to do. The same comment applies to the technicians involved. They may have something to do with the quality of the program, but I have particular reference to where the same type of program is involved. Somehow or other the C.B.C. always seems to have rather more people about. Perhaps the technical production is superior; I do not know, but I make that observation in passing.

I feel the position of our radio and television coverage in this country is such that we should encourage competition between the national system and private interests. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) suggested that we did not want to get into a situation in this regard like we have with the C.P.R. and the C.N.R., but I think the fact that there is a privately owned radio system and a publicly owned one—

Mr. Pickersgill: I am sure the hon. member does not want to misrepresent what I said, which was that we had not created a system such as the one with respect to the Canadian National Railways and the Canadian Pacific.

Mr. Lambert: I stand corrected, Mr. Speaker. I felt from the reference of the hon. member that he was suggesting that the fact that there exist two different types of competitors was something that should not be encouraged. I would like to say that I would have thought the best competition for the C.N.R. is the C.P.R. It acts as a spur to provide a better service to the public, and the same applies with respect to the C.P.R.

I believe the same might be said of this field of radio and television. Competition within the framework of technical control by a board set up to regulate the allocation of wave lengths and the general technical development of radio and television in my opinion would be beneficial. This competition, of course, would have to be confined in other aspects from the point of view of morality, et cetera, but we could then encourage private radio and television and the C.B.C. on the same footing, but not the condition which has existed for rather too long of the one group acting as judge, jury and prosecutor. It may be that the greatest discretion was used, but there was always the suspicion that because the framework permitted it there were occasions when there was some discrimination. From what I have heard from private radio and television interests, those occasions were somewhat frequent.

And now may I make a suggestion with regard to the future of radio and television —certainly television—it would be this: I have spoken on a number of occasions in this house about the value of bilingualism, but I will address myself now particularly to the English speaking members of this house; I do not think I have to convince the French speaking members about the value of my proposal. We have today French speaking television stations and English speaking stations. In a few centres in Canada we have bilingual stations, but if I am fully conversant with the regulations, such stations can exist only where there is not already an English speaking or a French speaking station. In other words, we cannot have an English station and a bilingual station in the same area.

I put it to you, Mr. Speaker, and to all members that if we are to develop as a nation we must encourage the learning of the other language to the fullest extent possible and take steps to see that our people, particularly our children, become bilingual. We have seen such a development taking place in many areas, in our schools and so forth, and noted that though there had been previously a great antipathy toward learning a second language, that attitude has been changing. Knowledge of a second language is certainly of great advantage in this house, and I feel that where there is a field for a second television station and where there is a demand because of the existence of a minority of the second language group, be it French or English, we should provide a bilingual station on the basis of 70-30 or 60-40 or even 50-50. I suggest that the limitation which exists today be dispensed with.

I know that here in Canada the quality of the development of our domestic actors on the French network of the C.B.C. is of a higher calibre on the whole than that which exists on the English network. Simply because there are no fill-ins they have had to get out and produce. In the same way I think we should give encouragement throughout the rest of the country and that we should give encouragement to the full development and use of both the English and French languages from one end of this country to the other. That is by way of constructive suggestion.

I feel we can say to hon. members in the opposition that this government is fully aware of the problems which they have been eloquent in pointing out. It has been spoken about in the debate on the speech from the throne, and I suggest that if we bide our time we will see something that will be satisfactory.

Hon. George C. Nowlan (Minister of National Revenue): We have had an interesting debate starting yesterday afternoon and running into today and I think I will be expected to say something about the matters which have been raised, although frankly there has been very little here of a controversial nature. I appreciate the fact that the debate has been kept on a high level

and that the discussion has been constructive rather than destructive.

I hope I am not departing from that standard when I suggest that the fact that the amendment was made in the terms that it was, is a great tribute to this government, because after all this is one of the six motions, we were told yesterday, to go into supply. This is the fifth of the six motions which give to the opposition a chance to move a vote of censure on things which the government has done and which should be rectified, and it is interesting to see that after this parliament has been sitting as long as it has, the only criticism with which we are faced in this amendment is the fact that we have not proceeded quite as fast in dealing with the order paper as members of the opposition would have wished.

Mr. Pickersgill: Would the minister permit a question? Did the minister observe that practically all of the amendments pointed to omissions and failures to act?

Mr. Nowlan: If we are only guilty of omissions of this kind then Canada is undoubtedly blessed in the government it has, and I think the majority of Canadians are of this opinion.

The Leader of the Opposition (Mr. Pearson) quoted at length from the Fowler commission report, partly in the language of that commission and partly in his own, very adequately presenting the problems which face broadcasting and telecasting in this country. The hon. member for Kootenay West (Mr. Herridge) quoted at length from a speech which was made here a few days ago by the Minister of National Revenue and I am not sure which one of the two hon. gentlemen made the greater contribution to the debate. I suppose modesty would prevent my deciding that matter. In any event, I do not propose to make again the speech which the hon. member for Kootenay West repeated at some length last night.

Hon. members will remember that I discussed the C.B.C. on an ad lib basis for 20 minutes or so here the other evening, and certainly I am not going to repeat the observations I made then, though the fact that I do not do so does not in any way suggest that the circumstances have changed or that I have changed my mind with respect to them. Perhaps, though, I should make one comment or explanation, because I have had some letters from people associated with the television industry.

Apparently I said in a free and easy moment, and quite factually, that I thought the radio system in Canada was the best in the world. But I did not make the same observation about television, and they thought there might possibly have been an implied criticism of our television programs. There was no implied criticism intended. We have some excellent television in this country but naturally, with the tremendous sums of money spent on television programs elsewhere, we cannot, perhaps, say that all of ours are superior to all of those that are available to the Canadian people.

The amendment itself simply regrets that the government has not yet presented its proposals for the regulation and financing of radio and television broadcasting and thereby removing the uncertainty as to the future of public and private broadcasting in Canada.

It is true, Mr. Speaker, we have not presented our proposals as yet, but I doubt if that is a matter for serious criticism at this time. I think hon. gentlemen opposite wanted, perhaps, to stake out a claim for themselves in defending the C.B.C. and also, perhaps in elaborating upon the Fowler commission, perhaps taking the copyright on that. And so, to use a slang expression, they rather beat the gun and moved this amendment yesterday. But because presumably in a week or two or certainly in the relatively near future I will be having to make another speech on broadcasting and telecasting in Canada when the government legislation is brought into the house, I am sure hon. members will not feel I am slighting them in any way if I do not deal in detail or in fact if I do not deal except in a very general way with the arguments they have raised.

I have made some rather copious and rough notes here which I shall review. I will have the advantage of reading in *Hansard* my remarks and those of hon. gentlemen who have spoken and if I anticipate correctly I will have an opportunity of speaking on this matter again in the near future and perhaps at that time I could clear up any points which hon. members have raised with which I did not deal this afternoon.

After all, Mr. Speaker, this house opened in May. We did not conclude the debate on the address in reply to the speech from the throne until well into the month of June. We have had the budget debate since then. We have also had five motions to go into supply. We have had legislation dealing with housing, legislation dealing with an extension of unemployment insurance benefits and the house has considered many other matters in addition to having had private members' days and the hours devoted to a consideration of private members' bills. At least it cannot be said that the house has been idle. The house has been sitting regular hours for several weeks and now we are moving to an extension.

It is true, I suppose, that one could have brought forward a certain piece of legislation and set it ahead of another and perhaps this could have been brought on a little earlier, but very little earlier. If that had been the case, other legislation which to many people would have been equally important would have been delayed. In other words, I do not seriously accept for one moment—and I do not think hon. members opposite expected me to accept it seriously—the suggestion that there has been any delay in bringing forward the legislation. I doubt that there has been any great uncertainty in the minds of those associated with the corporation because of that.

As one hon. gentleman pointed out, the report of the Fowler commission was brought forward in the early spring of 1957, I believe in February or March. The government of that day did not proceed with legislation at that time. This was natural because an election was pending and the government delayed action on it until after the election. That government was not returned; we were. But I suspect that if the government had been returned—I am fairly certain of this although I cannot be sure of it—last year with a full majority it would have been inclined to look upon the session as sort of a windup of the earlier part of the session and if hon. gentlemen opposite had formed the government last summer I doubt if they would have brought in legislation dealing with the C.B.C. last fall. I am certainly sure they would not have done it if they had been returned in a minority position as we were wherein they would not have known how long they might be in office.

This government was returned last year under circumstances wherein it had a cleanup of legislative matters and details left from the previous session and not being in a majority position I do not think it was expected of us that we would bring in legislation which obviously would be contentious and is of tremendous importance and attempt to deal with it at that time.

I say there can be no possible suggestion of delay in this matter on the part of the government and the same delay would have occurred if hon. gentlemen opposite had been in power until after parliament was called together this spring. I feel I have dealt with that point adequately and I say again that there has been in my opinion, and I think in the opinion of all hon. members of this house regardless of what position they may feel they should assume on the vote, that there has been no great delay in this connection.

This is a very important matter and one could discuss it at considerable length. I could take all the time that is available to me and more in dealing with the points which have been raised but, as I said, I do not think this is the time for me to do it. I cannot believe that hon. gentlemen opposite expect from me a preview of the government legislation which is to be brought down. I could not properly do that even if I wanted to because it would be contrary to all the rules and accepted principles of legislation. But I can say this to the Leader of the Opposition (Mr. Pearson) who raised the question—and certainly properly so—that it is proposed to bring down the legislation at this session of parliament and I hope it will be done in the very near future.

This is not an easy matter upon which to legislate. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) quite properly pointed out what he considered were the three problems in connection with it. I wish there were only three. Two of the problems to which he referred will come into being after the legislation is brought down, the matter of licensing and of regulation. There are many problems in trying to bring into being a workable scheme different in conception from that which has applied heretofore. Assume for the sake of argument that the government did decide to establish some sort of independent regulatory board such as is recommended by the Fowler commission and that the board were given the powers heretofore exercised by the Canadian Broadcasting Corporation. Assuming that were done, when you come to draft working arrangements whereby that could be accommodated, I think the ingenuity of the draftsmen would be taxed to a considerable extent and whatever system the government may decide to introduce presents many problems.

Perhaps what I am about to say should not be said but I think it is a fair observation. I think quite frankly that whatever the legislation is and whatever the regulations are we are not going to make a system like this work by referring, let us say, to section 475, subsection 2, subparagraph (g) and saying, "That is the answer". The success of this endeavour is going to depend on the men who are administering it, on the personnel, on common sense, on practice, on goodwill and all the other factors which enter into arrangements such as this. Whatever system may be introduced and whatever similarities or changes it may embody, it will be very similar to the British constitution. There will be more which will be unwritten and which will have to develop with practice than will be set down in black and white and capitals as the legislative enactments of the Medes and Persians. I doubt if a system

like this can work in any way except in being based on established general principles.

The hon. member for Edmonton West (Mr. Lambert) referred to the one-station system which is applied in Toronto and other places. If the inference or thought were in his mind I think it should be said that is not a matter for the C.B.C. per se. That is a matter of government policy which was laid down by the preceding government, and I think properly, at that time. It is a policy which has been carried on and maintained by this government. The C.B.C. as such, whatever it may or may not have benefited by it, depending on the circumstances, is not a matter of Canadian Broadcasting Corporation regulation. It is a policy of the government of Canada and, as I said once before, the time is rapidly approaching if not already here when the government will have to give careful consideration to a revision of that policy. My own thought would be that when that policy is revised, if it is, it would not be advisable to do it until such changes as are proposed in the legislation are brought into enactment and such bodies as may be created under that legislation are named and such regulations as they may decide upon are drafted and published because I do not think —and I am now expressing my own personal opinion and I think it is a reasonable one— that people, groups, corporations or syndicates can operate successfully without knowing the regulations under which they have to operate and once they get them it is hard to change the regulations afterwards. My own thinking for what it is worth would be that there will be no change in that policy for some little while yet at any rate and when the change is brought in regulations will have been adopted.

There has been a great deal of talk by some hon. members about licensing. I agree with the hon. member for Bonavista-Twillingate. Frankly, I think it is a minor matter. It is very important to the people who are looking for licences. It might be very awkward or damaging to the government or to any political organization which has to make the decision but actually, in so far as the national interests are concerned, it will not make so much difference whether the group of A, B and C get the licence or group D, E and F get it, provided that there are regulations laid down which will be operative, which will be known, which will be reasonable, which will have application and which will be enforced. If those regulations are promulgated by a body in whom the Canadian people have confidence and are the type of regulations that such a body would promulgate, then I do not think there will be much trouble in dealing with the matter of licensing.

Something has been said about the use of the French language by radio and television stations. I quite agree with what has been said by hon. members in that connection. There have been French speaking stations authorized but not licensed with which the C.B.C. is proceeding this year. We have the station at Moncton about which hon. members have spoken from time to time. And the hon. gentleman spoke about it a moment ago. We have one at St. Boniface which has been authorized by the C.B.C. this year. We have the bilingual station to which the hon. member for Edmonton West referred a few moments ago. We have a bilingual station being licensed at New Carlisle, which is serving the northern area of New Brunswick and part of Quebec, and we are making and will continue to make progress in the extension of those French television and radio stations. The matter of finances is—I will not say embarrassing—a problem of great importance and of increasing importance every day. The costs are rising astronomically.

Something was said about the number of employees in the C.B.C. television stations as compared with private stations. I do not think any one of us who has gone into a C.B.C. station to make a telecast—I remember one night, sir, I happened to encounter you somewhere; it was a hot night; you were coming out as I was going in—has not been struck by the fact that as he went into the C.B.C. station he saw that the service was, shall we say, more adequately manned than was that of the private stations. Of course the C.B.C. is faced with unions, negotiations and contracts which may or may not be the explanation. The matter was delicately referred to by the hon. member for Edmonton West.

Although it is very pleasant to speak about the C.B.C. as we have, and as I certainly have done in the past and will again, yet we also have to pay tribute to the private stations, many of which in this country have carried their share of this national obligation in a very adequate way. There may be some exceptions; there are some who, armed with a disc jockey and a few records, would like nothing better than to play those records all day long and charge for them; but generally speaking I think it can be said that the private stations have recognized their responsibilities either to the local communities, particularly the smaller stations operating within the communities, or to the province or the nation, as the case may be. They are part, of course, of the integrated national system.

Some hon. members talked yesterday and today about competition and whether they were competitors or partners. I think sometimes it might be rather difficult to persuade the private stations that they were partners entirely in this enterprise, and there is no doubt in the world that they are competitors, and properly so, for the advertising dollar. That may have a good effect on both because they are in competition one with the other in the quality of their programs, and so on, to attract the advertising. In the other field they are associated in an integrated system. As I see it, it is the only system that could possibly work in this vast country.

In this system we have created something unique in the whole world, which we have evolved here, partly private and partly public. It is a compromise which Canada has used so often throughout her history, for example, in the building of railways and in fact in the building of the whole nation. Yesterday the hon. member for Kootenay West rather humorously suggested that perhaps we have followed the C.C.F. in combining private enterprise and public interest. The C.C.F. are following. They have adopted the policy and the pattern which were in effect in Canada long before the C.C.F. was ever heard of. We had that in the Canadian Pacific and the Canadian National and now we have it in the Canadian Broadcasting Corporation. There has been this compromise. Perhaps we are not the most colorful people in the world; perhaps we are not dramatic, but we have built up a pattern which is rather unique in creating this nation stretching across the northern half of the continent, and nowhere is it better exemplified, than in the working out of this partnership.

Perhaps I would be expected to say one word about the matter to which I referred in the house the other day. The Canadian Broadcasting Corporation has suffered a very severe loss in the resignation of the chairman of the board of governors, Mr. Dunton. He has served the corporation well throughout the years in many ways. The development of this enterprise is a monument and tribute to him which will endure for many years and the country as a whole is indebted to him for what he did during the years in which he was associated with the system.

I do not think there is anything more I need to say at this time, Mr. Speaker. Perhaps I should say a word about the sub-amendment. Simply expressed, it reads:

> This house further regrets that the government has not declared itself in support of the maintenance and expansion of publicly owned facilities in the field of radio and television.

That may be technically correct, Mr. Speaker. I was under the distinct impression —and I admit I have not found it—that there is on record in *Hansard* a speech of mine in which I declared myself very forcibly in favour of such a system. I certainly did it by inference the other night, if not explicitly, and I am quite sure there have been statements by the Prime Minister (Mr. Diefenbaker) to the same effect. If they were not made in the house, then they were made on several occasions outside the house, because I have heard them myself. Let there be no doubt about it, this government is in favour of support for and maintenance of the publicly owned facilities in the field of radio and television.

As has been pointed out by the hon. member for Bonavista-Twillingate, a Conservative government under R. B. Bennett, later Lord Bennett, laid the foundation of the whole Canadian broadcasting system. That was when the pattern was developed, and the hon. member for Bonavista-Twillingate quite fairly and generously paid tribute to the government of that day for having established the foundation on which the rest has been built.

With every committee of the House of Commons, regardless of the political party, unanimously recommending in favour of maintaining such a system, with three royal commissions recommending the same thing, any political party that would seek to depart from that would certainly not be worthy of the confidence of the people and would not get the confidence of the people and would be politically inept and politically stupid. This government I do not think has shown any of those traits, and I am sure they would not do so in a matter such as this.

As I said, the legislation will come down in the relatively near future. I hope that perhaps the opportunity afforded hon. members to speak yesterday and today will take some of the speeches out of their system and we may possibly have a shorter debate on account of it, although I doubt that very much. I do not think there will be anything in the legislation which has not been envisaged in one way or another in the speeches that have been made. Certainly I cannot go any farther in dealing with that legislation than simply to make the statement I have made, that it will be brought down at the earliest possible moment. I regret the fact that it has not come down earlier. It has certainly been due to no fault of the government in trying to delay it or anything of that kind. There are certain factors in connection with it which have had to be and are being dealt with so that now we are in the position that with the work of the draftsmen nearing

completion the bill will be brought in at the earliest possible moment.

Mr. Pickersgill: Before the minister concludes I wonder whether he would permit a question. Can the minister say whether it is the intention of the government to appoint a successor to Mr. Dunton pending the bringing down of their new legislation?

Mr. Nowlan: I would not want to give a definite answer. Frankly, I think it would depend on circumstances. If we can bring the legislation in at the time I hope, see the framework that is provided under the legislation and the legislation is enacted, then, as the Fowler commission has pointed out and as this party pointed out in days gone by when we were in opposition, there obviously would be an independent regulatory body of some kind and one would assume, whatever the details might be, that some board would be set up such as that which might or might not obviate the necessity of filling the vacancy. At the moment there is a vice-chairman, of course. This is not the general manager of the corporation. As the hon. member well knows, this vacancy is that of the chairman of the board of governors. There are vacancies on the board now, and perhaps it would be rather invidious to appoint one person, make him chairman and not fill all the vacancies. That is a matter which the government will have to decide depending upon circumstances and the progress made in the house.

The house divided on the amendment to the amendment (Mr. Herridge) which was negatived on the following division:

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Cardin
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Eudes
Fisher
Forgie
Hardie
Herridge
Houck
Howard
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Mitchell
Nixon
Pearson
Peters
Pickersgill
Ratelle
Regier
Richard (Ottawa East)
Roberge
Robichaud
Rouleau
Winch—44.

NAYS

Messrs:

Aiken
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Bigg
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Broome
Browne (St.John's West)
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Courtemanche
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dorion
Doucett
Drouin
Dubois
English
Fairclough, Mrs.
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Fulton
Gillet
Grafftey
Green
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Jorgenson
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
LaRue
Latour
Legere
Lennard
Letourneau
Lockyer
Macdonnell
MacEwan
MacLean (Queens)
MacLellan
MacRae
McDonald (Hamilton South)
McFarlane
McGee
McGregor
McIntosh
McLennan
Maloney
Mandziuk
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nielsen
Noble
Nowlan
Nugent
O'Hurley
Parizeau
Pascoe
Payne
Pigeon
Pratt
Rapp
Rea
Regnier
Ricard
Robinson
Rogers
Rompre
Rowe
Rynard
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Stefanson
Stewart
Stinson
Tasse
Thomas

Tremblay	Webster
Valade	Weichel
Villeneuve	White
Vivian	Winkler.
Walker	Wratten
	Yacula—159.

Mr. Speaker: Does the house wish with unanimous consent to proceed on the amendment?

Some hon. Members: Agreed.

Mr. Speaker: All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

Mr. Pearson: On division.

Amendment (Mr. Pearson) negatived on division.

Mr. Fleming (Eglinton): Would the house be prepared to dispose of the main motion now?

Mr. Argue: No.

Mr. Pickersgill: Oh no. You tried.

An hon. Member: Grievances.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

GRAIN—DEFICIENCY PAYMENTS—REQUEST FOR CONSIDERATION OF WESTERN REPRESENTATIONS

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise at this time to ask for a statement from the government as to its policy regarding the question of deficiency payments on western grain. I see the Minister of Northern Affairs and National Resources (Mr. Hamilton) has just entered the chamber and I hope that at the conclusion of my remarks he will enter the debate and place the government's position in this regard on record.

The case for deficiency payments, western producers feel, is very strong. For many years they have been in favour, as they still are, of the Canadian wheat board system of marketing their grain. They have asked for stability in the assembling of their grain, in the grading of it and in the selling of it on the domestic and export markets. At the same time they have asked for a measure of stability in the price-cost relationship. They have said that the price of their grain should bear a fair relationship to cost of production. Grain producers were quite satisfied with the price-cost relationship in the first few years immediately following the end of the war. They had a number of grievances at that time relating to the final payment and so forth, and after the British wheat agreement was brought to an end they had certain grievances as far as freight costs were concerned, but generally speaking they found their price-cost position between 1945 and 1950 reasonably good.

Since that time, however, there has been a drastic increase in the cost of production. Since 1947 there has been an increase of just over 50 per cent, according to official statistics, in the cost of production. At the same time there has been a general decrease as far as the prairies are concerned of 12 per cent in the price of agricultural commodities. As far as wheat is concerned, the drop has been 21 per cent. Western farmers find, then, that since 1947, the cost of production has increased by more than 50 per cent while the price of their most important agricultural commodity has declined by 21 per cent. I ask hon. gentlemen opposite how any ordinary business firm in this country could maintain its solvency over a 10-year period if it faced increased costs of 50 per cent and a reduction of 21 per cent in the price of its main commodity.

Prairie producers at this time face a very serious economic crisis. It is true that in recent months prices of certain other agricultural commodities have tended to increase. Farmers on the prairies in desperation have been taking a substantial acreage out of wheat and turning it into coarse grain, turning it into coarse grains and fodder crops, and increasing very substantially their production of cattle and hogs. I think that is a sensible long term trend but unless something is done to correct the price-cost position as far as grain products are concerned there will be a far greater acceleration of the movement away from the production of grain to the production of livestock which, I suggest, would have disastrous results as far as agriculture in other parts of Canada is concerned.

No one will dispute me when I say that you can produce grain on the prairies more cheaply than in any other part of Canada, and if the grain producers find it is unprofitable for them to sell their grain they will turn it into livestock, and if they turn any substantial percentage of this enormous production of grain into livestock and livestock products it could mean the total collapse of agricultural prices all over this country. I am hoping that the government will act. Certainly the farm organizations have

expected the government to act, and farmers have had a good deal of faith that the government would act.

The events of March 31 demonstrated to every person on the prairies, no matter what political party he might have voted for on election day, that the people of the prairies had displayed great confidence in the present Prime Minister (Mr. Diefenbaker) and in the stated policies of the Conservative party. I know that a great number of them were most unhappy on April 1 and had the feeling that they had gone too far and that it was not in the best interests of parliamentary government that in the three prairie provinces which return 48 members, 47 should be members of one political party. But that action was taken and I do not think that in general the public were sorry they had supported the government.

But now they are beginning to question the government as to what its agricultural policies are going to be, and they are asking this question day after day, over and over again: when is the government going to announce its policy on deficiency payments?

The western wheat pool organizations, which in the past have always been considered cautious and careful organizations, organizations which adopt and initiate policies only after a great deal of the most careful consideration, have now for more than two years been asking for deficiency payments. Before the final payment was announced on the 1956-57 wheat crop the prairie wheat pool organizations had been asking for deficiency payments on wheat for 1955-56 of 22 cents a bushel; for 1956-57 of 30 cents a bushel; for oats, 1955-56, four cents a bushel; 1956-57, 15 cents a bushel; for barley, 1955-56, 14 cents a bushel; 1956-57, 22 cents a bushel; and they estimated that the total amount of money that would be involved on the basis of these requests would be in excess of $220 million.

That was before the final payment was announced on the 1956-57 wheat crop. The farmers were disappointed. The wheat pool organizations, through their spokesmen, said they were shocked at the very low final payment averaging approximately six cents a bushel and because the final payment was amended to six cents a bushel they altered their request for a deficiency payment and increased it from 30 cents a bushel to 36 cents a bushel. I understand, from reading the press, that at the last annual meeting of the Saskatchewan wheat pool a resolution was passed instructing the incoming board of directors to wait upon the government to present their request for deficiency payments and by the time of the next annual meeting, which is in November, this year, to have received a satisfactory answer from the federal government or in the meantime to have organized to be sent to Ottawa a mass delegation to wait upon the government to impress upon it the producers' views.

The government has made no announcement. The directors of that organization are under these definite instructions from their annual convention. That is why they are so anxious that the government delay no further this very important announcement. This request is supported not only by the wheat pool organizations but by the farm union organizations and at various conferences throughout western Canada it has been endorsed by most organizations with a mass membership. It has been supported by rural municipal associations, urban municipal associations, retail merchants' associations and by some church organizations and teachers' federations in their annual conferences.

This is a request that is not confined to the spokesmen in a given political party nor is it confined to spokesmen in a given organization. This is a request that is supported by the people of the three prairie provinces almost unanimously. I confidently hope and expect that it is supported by the 47 Conservative members in this house from the prairie provinces. I would be highly surprised if it were not. There was such an indication during this session at the time I asked the Minister of Trade and Commerce (Mr. Churchill) whether or not the government was giving consideration to this question. The minister replied that the 47 Conservative members to whom I have referred were as anxious as I was to have action on the matter and had spoken to him about it. I hope they have continued expressing themselves to the minister in this regard. I also hope that sometime this evening before the main motion is put to the house we will have an expression from hon. members from the various provinces that are mainly affected by this question because I expect that the people back home, for that matter all the people on the prairies, will be anxious to hear from them as representatives of the people in the three prairie provinces.

Although the Liberal party is not represented in the house through members from the three prairie provinces I would also hope there would be some indication of the attitude of the official opposition with respect to this question. We all know from practical experience that when the government presents any program, and particularly a new one, it is anxious to know the stand of the opposition parties in this house. If the proposition put to the house by the government is unanimously supported then there is

little political trouble for the government presenting the motion. I would expect that if the Minister of Trade and Commerce, whose department this affects mainly, would stand in his place in the house tonight and announce deficiency payments such as have been requested, the official opposition would unanimously support that announcement. I would certainly hope that would be the case. Certainly the C.C.F. members would support it.

I have heard it said on many occasions in various debates in this house—

Mr. Smallwood: Mr. Speaker, would the hon. member permit a question?

Mr. Argue: Surely.

Mr. Smallwood: Mr. Speaker, the hon. member has been standing in his place preaching like a parrot for the last 15 minutes about the difficulties of the farmer. We are all aware of the facts of the situation. I should like to ask the hon. gentleman what he ever did—

Mr. Speaker: Order. The hon. member has been given the floor to ask a question. I suggest that he put his question.

Mr. Smallwood: Mr. Speaker, I should like to know what the hon. member has ever done to remedy the situation in the last four or five years other than to stand there and talk about it.

Mr. Argue: Mr. Speaker, if the hon. member will examine my record in the house I think he will find that it compares favourably with the record of any other hon. member on this particular question.

I was about to refer to the many occasions when some of my good friends on the Conservative side of the house and I participated together in various debates and was about to remind them that even with the tough government we had to deal with in those days we were able to make some progress. My hon. friend, as has already been suggested to him, can rise in his place a little later and make whatever submission he wishes.

I have been saying that this proposition is supported by most organizations in the prairie provinces. I have in my hand the submission of the interprovincial farm union council to the federal government dated May 28, 1958. In it they have asked for deficiency payments of approximately but not exactly the same size as those asked for by the wheat pool organizations. In 1955-56 they asked for deficiency payments on wheat of 28 cents per bushel, and in 1956-57 they asked for payments of 26 cents per bushel with appropriate deficiency payments for oats and barley. In this submission they point out by way of their own tables and figures some of the very things that were pointed out by the wheat pool organizations.

This brief is highly complimentary of the government. It congratulates the government quite frequently. It is very moderate in tone and concludes with a request for deficiency payments. Since the date of presentation of this brief the interprovincial farm union council has returned to Ottawa; in fact, representatives of that organization are here now. I have not been informed whether they have yet interviewed the cabinet as such but they have certainly been interviewing private hon. members from the various parties. They have left with us a memorandum on deficiency payments and other farm issues. The submission is dated July, 1958, and bears the notation that it is submitted to the members of the House of Commons by representatives of the provincial farm unions. I do not intend to quote all of the brief but I shall cite some extracts from it. It speaks about a resolution supporting the sending of a large delegation to Ottawa and then goes on to say:

> As you will note, the foregoing resolution is based on the assumption that immediate action was not taken on this matter, following the last federal election. It may be, however, that this is not the case, and we certainly commend those members who have been keeping this farm issue before those responsible. Still, we must stress the fact that until farmers see definite action on these matters, words give cold comfort.

Omitting a paragraph, the brief goes on to say:

> Since our submission in May, the final wheat payment for the crop year 1956-57 was announced and proved to be a disappointment to the growers. This price level lends further evidence in support of our reasoning that farmers are carrying an impossible economic load with continued higher costs and progressively lower prices, and there is no evidence of any effort being made to reflect an honest cost-price relationship in the domestic price of wheat.

Omitting the next paragraph and proceeding to the subsequent one, I continue:

> We feel therefore that our request for consideration of our position on the basis of our May submission is more than reasonable, and farmers are extremely disappointed that action has not been announced by the Minister of Trade and Commerce.

The brief makes a strong statement in asking for action on the part of the government and a statement by the Minister of Trade and Commerce. There are many reasons why such action should be taken some of which I have outlined. I think the main and over-all reason is that the cost-price relationship has worsened to the point that prairie producers are unable to make a living in that occupation unless action is taken.

However, there are other reasons why action should be taken to come to their assistance, and I refer to the very serious crop outlook

on the prairies. Recent rains have improved that outlook, and those of us who have been raised on the prairies know that even at this late date a substantial supply of rain within the next few weeks can work wonders. Even so, a large part of the crop is beyond redemption and in certain areas farmers are going to have what will amount to a near total crop failure. Because of that, coupled with other reasons, they need assistance at this time.

Certain additional emergency steps that could be taken and should be taken are the provision by the federal government of emergency assistance in the provision of freight assistance for the shipment of feed and fodder into distress areas. Then there is the need to expand the payments under the Prairie Farm Assistance Act, to increase them in keeping with the tremendous increase in the cost of production since those payments were made effective back in 1939.

In my discussions with producers I have found that related to the cost of farming at this time they feel that such payments at a time of crop failure should be at the rate of $10 an acre. They would have no objection, in fact, they would be quite favourable to a substantial increase in their contribution to the prairie farm assistance fund. They do feel that the present maximum of $4 an acre is inadequate; that the other payments of $2 and $3 per acre for various yields of crop are too low; that all of these payments should be increased. As I say, they are prepared to make a larger payment into the fund.

Mr. Horner (Acadia): Will the hon. member permit a question? Would the hon. member be in favour of raising the levy?

Mr. Argue: Definitely, yes, provided of course that the benefits under the act were increased.

Mr. Horner (Acadia): To what rate?

Mr. Argue: I am quite prepared to answer the question. I would not mind the rate being tripled. I would support a tripling of the rate—

Mr. Horner (Acadia): Would the farmers agree?

Mr. Argue: Wait until I finish my sentence. I would support a tripling of the rate if the maximum payment were increased to $10 per acre in time of total crop failure, and the other payments increased proportionately, and I would be prepared to defend that proposition on any public platform in western Canada and I think agricultural producers would support it. There has been little or no complaint; there has been some complaint in Manitoba and some in the northeastern parts of Saskatchewan and perhaps some in the northeastern part of Alberta about the general prairie farm assistance scheme, but generally speaking the scheme has met with the approval of western producers. If they could receive a maximum payment of $10 an acre instead of $4 an acre and if in addition the maximum acreage on which it was paid was to be increased in keeping with the general increase in size of farms since 1939, this whole proposition would be even more acceptable. It would seem to me that if an acreage of 400 was accepted as something that was fair and reasonable in 1939, as a maximum, that an acreage today of 600 would be approximately in the same proportion.

Those are the main suggestions I am making as far as the Prairie Farm Assistance Act is concerned, together with the oft repeated request so eloquently made by the Prime Minister when he was member for Prince Albert and when he was member for Lake Centre that prairie farm assistance should be paid to farmers on an individual basis. I think he was right in those past years when he made that statement. I hope that if that is not accepted during the present session of the house, a very definite step will be taken in that direction.

I would also say to the government that if the crop should be so disastrous that large numbers of producers across the prairies should have to seek social aid or relief, as the word was known in the 1930's, there should be a sharing of any of those emergency costs between whatever provincial government is involved and the federal treasury, just as the federal government has come to the assistance of provinces and of workers when there has been widespread unemployment. But I do not base my request for deficiency payments in the main on this emergency situation because even if the crop prospects on the prairies today were excellent the same price-cost squeeze would remain, and this above all is the economic problem that the people on the prairies wish solved at this time.

They have believed that the Prime Minister would give them a sympathetic hearing. As a matter of fact, as late as July 10 the Prime Minister said, in answer to a question on this subject, that the whole problem of deficiency payments was receiving full consideration. As to whether an announcement would be made in this session and as to whether appropriate legislation would be introduced, he replied that that, too, is a matter that would receive full consideration. In the light of that statement, in the light of previous statements by the Prime Minister, and in the light of similar statements by the Minister of Trade and Commerce,

I hope that an announcement will be made forthwith in keeping with the requests of farm organizations, an announcement that will satisfy them, that will improve the economic position of the producers and will be in keeping with what the same producers believe has been the promise made to them by this government.

The Prime Minister made a speech in Moose Jaw during the election campaign. At that time the whole question of deficiency payments was raised and at that time he made the statement that this would be given very sympathetic consideration. The Minister of Northern Affairs and National Resources went even farther at Wolseley. He is reported in the Regina *Leader-Post* of March 21, 1958, as follows:

> He said it was the first step in a comprehensive farm program started by the Progressive Conservatives on June 10. Future steps included a revolutionary farm credit program, crop insurance, tax reductions, deficiency payments on western grains and many other important reforms.

Here is the statement attributed to the minister, that this government would take future steps so important that he called them revolutionary, which would include deficiency payments on western grain. The time for a statement from the government has arrived. The people on the prairies are looking to the government for action. They are most distressed because of the very low final payment announced a few weeks ago. They have been given hope and encouragement by statements of the Minister of Trade and Commerce, the Minister of Northern Affairs and National Resources and the Prime Minister himself. They feel that their request is reasonable. They are not asking for the same price-cost relationship they had immediately after the war; but they are asking that deficiency payments be of such an order as to restore the price of grains to the 1947-55 average.

I feel, Mr. Speaker, that members generally support this proposition. All we need now is a statement from the government that such action will be forthcoming during the current session.

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to speak for a moment in this debate merely to answer some of the points brought up by the hon. member for Assiniboia (Mr. Argue), much to my dislike, I might say. I agree with certain things he said but I disagree with him with respect to others. He referred to western Canada and how some people in the west were sorry that they had sent too many members to parliament belonging to one party. I can say that the farmers I know in the west are in the best position they have been for years because of that very fact. At last they have got together and have realized that the only way they can get what is just, what is fair, what is coming to the west is to send a united body of members belonging to one party to parliament rather than splitting their votes between three or four or five or six small splinter parties.

I say again that the west is in the strongest position politically it has ever been and probably will be in the future. As was pointed out, there are 48 members from the prairie provinces and only one who does not support the government party. In view of the fact that a mass delegation is thinking about coming to Ottawa may I say that we have a mass delegation here already. There are 47 members from the prairie provinces who support the government. That is a mass delegation, and every one of those 47 members has been working for deficiency payments and for what he thinks is right for western Canada.

Let there be no doubt in the minds of the members of that small group to your left, Mr. Speaker, or any other group in the House of Commons that they have been working for it because they have been doing so on numerous occasions. The government certainly has the matter under study and it has been under study a great deal. It is a question that needs a great deal of study.

I am a farmer from the west and I am proud of it but before we implement deficiency payments as the solution for everything we must give the matter a little thought. Over a long term period I think a better system of farm loans could do more for agriculture than a straight, flat gift every year which from a political point of view would have to be increased every year.

The hon. member mentioned the Prairie Farm Assistance Act and said that he thought the acreage should be raised. He stated that his reason for suggesting that the acreage should be raised was that farms are getting larger. I have not had time to look it up in *Hansard* but I would refer the hon. member to the statement of the Minister of Agriculture (Mr. Harkness) last October in which he indicated that there are 230,000 permit holders in western Canada, half of them with less than 200 acres of cultivated acreage. Why would you increase the acreage to 600 acres? It would be of greater benefit to the larger farmers and would not benefit the small permit holders to the same extent. That is something we have got to watch. With an improved farm loan board administered on a better basis we could do a lot more. We could lend money on the basis of the farmer's ability to earn, not on his security. If we

are going to improve agriculture and increase the size of farm holdings so that they will become economic units the farmers have to have capital, and under an improved farm loan system we could lend them money on their ability to earn money. If you lend them money on their security you are just allowing the larger farmers to increase their land holdings.

The hon. member made no mention of the government's export of 300 million bushels of wheat. He did not refer to the fact that perhaps in the long run this would benefit western agriculture. In the very pamphlet he held in his hand it is stated that the average yield per year over the past number of years is 319 million bushels. If we can export over 300 million bushels I say that over a period of years that will tend to do away with the wheat surplus of western Canada, and I think that is one of the main steps in improving agricultural conditions in that part of the country.

I should like to point out to the hon. member that by the statement he made in the house a few days ago he was not helping agriculture, particularly the situation with respect to cattle when he implied that great numbers of cattle would come on the market and prices would fall terrifically. That is a poor attitude for a member of the house to take. I would say it would be better to try to encourage market prices to stay up and not educate the packers to pay less for our cattle, which in a sense is what he was trying to do.

Mr. Argue: Misrepresentation.

Mr. Horner (Acadia): I am not misrepresenting.

Mr. Pallett: The hon. member for Assiniboia (Mr. Argue) is an expert at that.

Mr. Horner (Acadia): I should like to say a bit more about the Prairie Farm Assistance Act. The hon. member implied that we should increase the levy. I can perhaps go along with him to the extent that if the levy is increased the payments should definitely be increased. But as a farmer in western Canada who has collected P.F.A.A. payments in a good many years I certainly do not want the levy increased unless the payments are increased. I should like to point out that right now the one per cent levy accounts for about half of what is paid out. I certainly would not go along with an increase in the levy unless there is an increase in the payments.

I do not want to take too much of the time of the house. To some extent I agree with the hon. member in respect of deficiency payments but he is wrong when he says that nothing is being done about them. Of course I could say that some of the Conservative backbenchers have not been talking too often because we have a leader and cabinet ministers in whom we have faith. We are not like the C.C.F. group. When their leader spoke on a subject a couple of days ago six more members of that group had to get up and say the same thing because they had no respect for their leader's judgment.

Over the past two and a half months that I have been here I have noticed that the new members have a tendency to get to know one another perhaps quicker than they get to know some of the older members, and I can say that I have been surprised at the ability of all the new members I have met. In my opinion it certainly would not take them four years to learn where to hang their hats and coats in the House of Commons. It might take them four minutes. It may have taken some hon. members four years in the past to find out where to hang their hats and coats but not the members of this party.

Mr. E. W. Brunsden (Medicine Hat): Mr. Speaker, in effect the hon. member for Assiniboia (Mr. Argue) has challenged the 47 new members of the Conservative party from the prairie provinces to say something about wheat. You have heard one reply, Mr. Speaker, from my neighbour and fellow member, the hon. member for Acadia (Mr. Horner). May I say that those of us who come from the prairies and represent agricultural districts are just as keenly cognizant of the wheat problem as is the hon. member for Assiniboia.

It is a strange fact that with representation from the west comprising some 48 members one member should take it upon himself to be the spokesman for the farmers of the three prairie provinces. It is a strange fact that his party should take it upon itself to speak for labour, to speak for the civil service, to speak for the servants of this house and to speak for all other groups in Canada.

An hon. Member: And small business too.

Mr. Brunsden: In so far as I am concerned, Mr. Speaker, as a very humble backbencher in a party of which I am very proud, I resent very much the inference that the hon. member for Assiniboia or the other members of his small group can take it upon himself or themselves to be the sole spokesman for a tremendous group of agricultural producers stretching from Manitoba to British Columbia.

He has referred to the wheat problem. The wheat problem did not arise yesterday; it did not arise on March 31, 1958 or in June of 1957. Yesterday we had an opportunity, as

did the hon. member for Assiniboia, of discussing wheat and other problems with the members of the farm uinon of western Canada. I would say, with respect to the brief to which the hon. friend has referred that I was astounded, dismayed and somewhat disgusted with the tone of that particular brief which implied although it did not state, that this government elected on March 31 had had no consideration for, and done nothing about, the wheat problem and other allied agricultural problems in western Canada. We have been here about two months. These 47 members—it should have been 48 incidentally —have been here two months, and had my hon. friends in the far corner of the house exercised that discretion and judgment which we may have expected from them we would have been able to tackle the wheat problem at least one month ago.

If we, as western representatives, if we as the spokesmen of western agriculture if you like, are to sit day after day, week after week, listening, as the Prime Minister (Mr. Diefenbaker) said yesterday, to repetitious speeches, if we are to listen to debates on matters of order and procedure, if we are to listen to amendments to motions and if we are to be delayed far into each night with the views of a small group of men who do not represent prairie agriculture, then we shall never come to grips with the problems of the western wheat producer. May I say in all humility, sir, it has been one of my studies over many years, and it is based on a world situation. Until the rise of Hitler in Germany and the rise of economic nationalism in Europe there was no wheat problem in western Canada.

It is quite true that we had problems of drought; we had problems in some years of slight over-production; we had problems of congested markets; but generally speaking, as compared to the last few years, we had no problem regarding the mounting surpluses that we have seen in recent years. This problem can never be solved by discussion in the House of Commons. It will never be solved by pitting political strength, however puny it may be, against the voice and thought of the government of this country. It will only be solved by serious and deliberate study of ways and means of alleviating a very difficult situation. The hon. member for Assiniboia referred to a probable mass movement on the city of Ottawa, the seat of this government, by the individual wheat producers of western Canada. We had such a movement as that in the 30's. By chance I happened to be in Ottawa as the servant of a farm organization in those years. The cry at that time was a dollar a bushel for No. 1 Northern.

That crusade was spectacular. I can still see the former prime minister, once removed, on a platform in a hall in this town receiving that delegation along with his minister of agriculture. I can remember farmer after farmer rising to plead the case of the western wheat grower. I can remember a priest making a very colourful appeal to the government to raise the price to one dollar per bushel. This appeal was successful. But I do say that in this year 1958 the situation is completely changed. We talk about the average cost of the production of wheat. I challenge my friends in the far corner of this house to produce such an average figure of the cost of production. Frankly, as a student of agriculture over many years, I know not what that average figure may be.

I do know that production methods today are much more efficient than they were ten years ago. I know, too, of course that taxes are higher; that labour costs are higher; that the cost of farm machinery is higher. However, I believe that the efficient grower of wheat is still assured, under this government's policy, having particularly in mind the payments—I refuse to use the term deficiency payments, because they sound like an orphan industry—that may be forthcoming from this government, coupled with market prices, of a fair margin of profit.

One would have to be a prophet to predict the future of western Canada in the next few years. It is quite apparent that we are moving into a period when wheat production as we have known it in the last 20 or 25 years may be a thing of the past. We have the possibility of the entry of the U.S.S.R. into the wheat market. We have bountiful production in the Argentine. We have a reasonable degree of self-sufficiency in Europe, and the promise of a further degree of self-sufficiency. It may be that our western wheat economy, as we have known it in the past, will have to undergo some drastic change.

I am not at all interested or helped by the veiled threat which I heard yesterday from a certain gentleman of the west, and which I heard again tonight from the hon. member for Assiniboia, that unless we put wheat production in western Canada on a profitable basis, unless we keep our acreages in western Canada in wheat, then we in the west will wreck the entire agricultural economy. I remember an old rancher friend of mine in the west who ran cattle on a large scale back in the 30's. We were talking about the over-production of cattle. We always talk about the over-production of agricultural products, regardless of what those products may be. I remember sitting with him in this city when we were meeting the government of that day. He sat in the office of the minister

of agriculture, and the minister said to him, "What do you think of the over-production of cattle?" My friend Mr. Rube Gilchrist—I am very proud to know him—said, "Mr. Minister, old mother nature has a manner of straightening out these problems." I would say to the gentlemen in the far corner, and their spokesman, that with respect to the over-production of any product they have in mind, and I presume they are thinking mainly of pigs, old mother nature has a habit of straightening out the problem.

I am convinced in my own mind that there is no threat to the eastern hog producer from the western grain producer because of the fact that, by virtue of the particularly unhappy position with respect to wheat, he may turn to hogs. The western grain grower is not essentially a hog man. You either love hogs or you don't. If you do not love them, you do not raise them successfully. I would say that the alarm expressed by my hon. friend was probably more political than factual.

May I conclude as a member representing a western constituency and as a westerner myself, that I have no particular fear with respect to the policy to be adopted by the government regarding wheat payments. May I add that with respect to the disaster which has struck western Canada in recent months, the outcome of which we do not yet know, I have no particular fear respecting the provisions of the P.F.A.A. which may be applied. I do feel, however—and this is the only point upon which I am in agreement with the hon. member for Assiniboia—that the 47 Conservative members on this and the other side of the house representing the agrarian constituencies of western Canada, are quite able and we are most anxious, to advise this government with respect to the problems of that particular section of the country.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker—

Mr. Churchill: Same topic?

An hon. Member: He is a wheat farmer?

Mr. Speaker: May I remind the hon. member that he introduced the motion we are now debating and that if he speaks now he will close the debate.

Some hon. Members: Oh, no.

Mr. Pickersgill: He did not introduce the motion.

Mr. Argue: Mr. Speaker, on a point of order, as I understand it there is only one way in which the Leader of the Opposition (Mr. Pearson) could speak at this time, and that is by unanimous consent of the house because he has exhausted his right to speak on the main motion. If he makes that request to the house the house can decide whether it wishes to give consent but, with great respect, I do not think he should now claim the right to speak.

Mr. Speaker: The point of order is well taken. The hon. member was not introducing a substantive motion and therefore he cannot even close the debate by speaking. He has exhausted his right on this particular subject.

Mr. Pearson: Mr. Speaker, on the point of order, is it not the case that the amendment to the main motion has been disposed of and that therefore my right had been restored to speak on the main motion once it came before the house?

Some hon. Members: Oh, oh.

Mr. Speaker: Very ingenious but not very sound.

Mr. Pearson: I only regret, Mr. Speaker, that the rule prevents me from making my first agricultural speech in the house at this time.

Hon. Paul Martin (Essex East): Mr. Speaker—

An hon. Member: Another farmer.

An hon. Member: A horse trader.

An hon. Member: "I love hogs Martin".

Mr. Martin (Essex East): Mr. Speaker, I am sure we all regret that the rules of the house are such as to preclude the Leader of the Opposition (Mr. Pearson) from speaking at this time on this grievance.

The Leader of the Opposition will, I am sure, take advantage of the earliest opportunity to deal not only with this very subject but with agricultural problems on a much wider scale than the particular and narrow concept suggested by the hon. member for Assiniboia.

An hon. Member: You will be quoted on that, Paul.

Mr. Pallett: The hon. member is supposed to speak for himself, is he not?

Mr. Martin (Essex East): When I say the narrow concept, the hon. member, of course, would be wrong in concluding that I do not at once regard this particular phase of the matter as of the greatest importance. I could not help but feel, as I listened to the last speaker, for whom I have the highest regard, and the preceding member who sits further to my left—

An hon. Member: The hon. member for Acadia.

Mr. Martin (Essex East): —suggest that it was wrong for those of us sitting on this side of the house, including the hon. member for Assiniboia, to use this forum for raising matters which we regard as important to a particular and important section of our country. Hon. gentlemen opposite with their vast numbers should have learned by this time that although they do have a preponderant numerical position in this house, every hon. member has the right notwithstanding the convenience or the inconvenience to some hon. members sitting on the treasury benches to raise matters which they regard as urgent and important.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): The hon. gentleman who just spoke did say that he did not think the House of Commons was a place where this problem could be resolved.

Mr. Brunsden: Would the hon. member permit a question?

Mr. Martin (Essex East): In one sense the hon. gentleman is right.

An hon. Member: He didn't say that.

Mr. Martin (Essex East): But only in one sense because the decision rests not with any hon. member of this house but with those hon. gentlemen who sit on the treasury benches. The decision for giving relief to the farmers of western Canada rests at this time—let there be no mistake about it, as the hon. gentlemen said—upon those who today have the responsibility for formulating the agricultural policy of the government of Canada. But it is open to all of us, wherever we sit, to take advantage of the procedures of the house and to bring home to the government what we believe to be situations of an urgent character, what we believe are the demands or the requests or the submissions put forward by various groups. It is all very well to chastise the numerical inferiority of the opposition—

An hon. Member: It is not only numerical.

Mr. Martin (Essex East): —but let there be no mistake about it that those of us who sit under the leadership of the present Leader of the Opposition will take advantage of every opportunity to bring home to the government what we regard as the legitimate complaints of various sections of the country.

Mr. Horner (Acadia): Will the hon. member permit a question?

Mr. Martin (Essex East): And when hon. members interrupt me as they now do let it not be forgotten that they have as their leader a man who was the first to criticize interruptions of this kind as being one form of closure which was not in keeping with our parliamentary traditions.

Some hon. Members: Hear, hear.

Some hon. Members: Order.

Mr. Martin (Essex East): The Prime Minister (Mr. Diefenbaker), as you will recall, Mr. Speaker—

An hon. Member: Let's hear about wheat.

Mr. Martin (Essex East): —when you had a different status in this house—

An hon. Member: We want hogs.

An hon. Member: Oh.

Mr. Martin (Essex East): —referred to this kind of interruption as contempt of parliament. Some hon. member says "Oh", but he was not in this house at that time. However, if my hon. friend will read *Hansard* and if he will follow the newspaper accounts for the past decades he will find that the kind of observation I am now making was made by his leader with regard to some hon. gentlemen who did not like what he was saying, and one member had to be retrieved from this obstruction by the then minister of agriculture, who had done so much for the farmers of this country.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Hon. members opposite do not like the hon. member for Assiniboia or other members on this side of the house asking the government for a statement of policy at this time.

Mr. Horner (Acadia): Would the hon. member permit a question?

Mr. Martin (Essex East): Yes.

Mr. Horner (Acadia): In view of the fact that during the years 1940 to 1950 the Canadian farmers subsidized the rest of Canada in the sale of their wheat, would he say whether he would call the supplement payment or deficiency payment a form of relief?

Mr. Martin (Essex East): My hon. friend will not think that I disregard the importance of his question if I do not deal with it at this particular moment. How often have we heard in this house hon. gentlemen including the present Prime Minister, including the Minister of Agriculture (Mr. Harkness), including other hon. gentlemen on that side of the house when they sat in opposition, talking about the plight of the farmer in western and other sections of Canada, and asking the government to proclaim policy.

Shortly after the farm unions had come to Ottawa to meet the cabinet, the present Prime Minister, rising the next day, was demanding that the government should state its policy with respect to the requests placed before the government by the farm organizations at that time. The farmers' union came to

Ottawa in the month of May. They acknowledged the difficult problems confronting the government, but they reminded the government that during the elections of 1957 and 1958 they had given the farmers of Canada reason to believe that given the opportunity of forming a government they would resolve many agricultural problems.

The Minister of Trade and Commerce (Mr. Churchill) was among those who gave such assurances in his own city of Winnipeg and throughout western Canada during the last election. On March 15 last the Prime Minister is reported as having promised that some consideration would be given to making deficiency payments on wheat, oats and barley to growers so that their returns might bear a fair relationship to production costs. That was the statement made by the right hon. gentleman who heads the government which is now being asked to explain this policy in answer to submissions made to the farmers' union in the month of May last. Is it unreasonable now, on this the 15th day of July, for members of parliament on this side to ask the government of the day what its policy is with regard to the various demands made by the farmers' union? Is it unreasonable to ask the Minister of Trade and Commerce what the attitude of this government is with regard to the question of deficiency payments? Is it unreasonable to ask the Minister of Trade and Commerce, who regards this apparently as a laughing matter—

Mr. Churchill: I am laughing at the notes you are passing back and forth.

Mr. Martin (Essex East): You are going to be laughing in a few moments—

Mr. Churchill: You have not got your own speech, that's all.

Mr. Martin (Essex East): What is the attitude of this government, having promised the people of Canada that if elected they would call parliament in September and resolve these problems? And now two months after those requests were made by the farmers' union the Minister of Trade and Commerce sits in his place and is not able to answer any questions from this side of the house as to the request made by the farmers—

Mr. Churchill: I am listening to you, give me a chance.

Mr. Martin (Essex East): Hon. gentlemen opposite promised the farmers of this country price support at fixed and declared figures. They introduced an act last session which was supposed to be a charter as a result of which farmers would be extricated from their economic difficulties, and that was based on farm legislation which had been introduced by the previous government. We were told there would be firm prices for this and for that. To take an example, the Minister of Agriculture announced there would be a floor price of $2.10 for soybeans. Let us see whether or not we have a floor price of $2.10 for soybeans. When the Minister of Agriculture announced that policy, every farmer in this country, certainly in those areas particularly concerned, believed there would be a floor price of $2.10 for that particular commodity. But there is no such floor price of $2.10—

Mr. Speaker: As I understood the grievance which is under consideration at this moment, and to speak on which I gave the hon. gentleman the floor when there were others who wished to speak, and as enunciated by the hon. member for Assiniboia (Mr. Argue) related to deficiency payments—

Mr. Martin (Essex East): I was just seeking to illustrate how the policy of support prices in the form of deficiency payments in respect to one particular subject has operated under the present administration. The hon. member for Assiniboia has said we are asking for a declaration of policy by the government with regard to deficiency payments, that is, with respect to a policy which has not yet been announced. I am now dealing with the technique, with the administrative machinery of the operations of this government with regard to deficiency payments already announced with regard to other commodities, and I submit with much confidence that surely it is within the relevancy of debate that I should be able to indicate what this government is doing with regard to floor prices—

Mr. Speaker: I am, perhaps, even less familiar with agriculture than the hon. member who has the floor but, with respect, I would suggest that he has gone off on to support prices which seems to me something different from deficiency payments.

Mr. Martin (Essex East): All I can say is that though I have a high regard for you I can well understand that your own acknowledged limitations on this subject have not afforded your Honour the opportunity of following the refinements of my argument.

However, if you take the position that I am not able to discuss floor prices generally, I will have to bow to your ruling except to say that there will be an opportunity for dealing, not only with the policy of this government in relation to deficiency payments to western producers but also with regard to such things as soybeans, Ontario wheat, and many other matters which are of great concern to the farmers of this country.

Now the farm union has representatives in this city at the present time. I understand that they have seen the administration, that they have called on various members of parliament, that they have put forward their points of view, and that the nature of their grievance, as stated by the hon. member for Assiniboia, is that in the light of the assurances given by this government in the elections of 1957 and 1958, and in the light of the assurances given by the administration when this group called on them in the month of May, that we and they are now entitled to ask of the government, so many weeks after they first met with the administration, what is the policy of the government with regard to deficiency payments as asked for by the group that called on the administration only a few days ago and in the month of May?

Mr. Pallett: Isn't there a rule against repetition?

Mr. Martin (Essex East): The hon. member for Assiniboia asked us what was our attitude with regard to this problem. Our attitude has been declared; it is on the record and is represented by years of fruitful Liberal administration on behalf of Canadian agriculture. And while it may be in the hands of hon. gentlemen to criticize the agricultural policy of the previous administration, the fact is that the record of achievement of the former government toward all sections of agriculture is such as to compare favourably with the policies of this administration and, from all indications, with all future policies of the present treasury benches.

We believe on this side, as a statement of principle, that we should maintain and extend the system of support prices and deficiency payments where appropriate, administered in such a way as to obtain for farmers for their products prices bearing a fair relationship to their costs of production and designed to ensure to farmers a fair share of the national income and encourage the production of marketable farm products.

An hon. Member: Where did you copy that from?

Mr. Martin (Essex East): That is copied from the national Liberal convention which, earlier than you think, will give us the next prime minister of Canada.

Mr. Pallett: Did the hon. member mention the year 2000?

Mr. Martin (Essex East): What about the convention policies that led to the election of the present Prime Minister (Mr. Diefenbaker)? Where is the implementation of that policy and that program?

Mr. Pearson: Where is the program?

Mr. Martin (Essex East): Where is the program, my leader asks.

Mr. Fraser: We will show you.

Mr. Martin (Essex East): I ask my hon. friends to compare the inaction of this government now with the kind of demands made by hon. gentlemen opposite when they sat on this side of the house. I do not refer only to deficiency payments. What about the other points put forward by the farmers' union in the month of May and referred to again the other day? They called upon the government to establish an adequate farm credit system under the Department of Agriculture to handle all the types of farm credit that are needed. They asked for the accumulating, as quickly as possible, of adequate data on the cost of production of farm products in order that the price stabilization board may have authentic statistics available as a basis for implementing the provisions of the price support legislation.

How often have we heard the present Prime Minister speak of trying to bring about some government policy that would result in a yield to the farmers in proportion at least to the cost of production, and how often did he urge the government of the day to establish some system through the research bureau in the Department of Agriculture or in the Department of Trade and Commerce, in collaboration with the universities, by which a better appreciation of the factors of the cost of production of agricultural commodities might be better ascertained?

The hon. member who just spoke a few moments ago, if I understood him correctly, said he was at a loss to understand fully how one could arrive at what the cost of production would be with regard to the growing of wheat. If that is the case—and the hon. gentleman I take it is an experienced farmer—I ask him, then, will he not join with us in asking the government to implement this particular request of the farmers' union so that we can have some appreciation of the authentic statistics available as a basis for implementing the provisions of the price support legislation?

If the government finds that one of the reasons why it cannot announce this deficiency payment policy is because it has not at its disposal the necessary facts to ascertain what is the cost of production, then I would ask the Minister of Trade and Commerce why he and his colleagues did not take that position when they sat on this side of the house asking the government of the day for measures that would relieve the economic pressure which confronted not only western farmers but farmers all over Canada.

And so I say to the hon. member for Assiniboia that only because of the rules of this house was it not possible for the Leader of the Opposition speaking on our behalf to rise at once and to say that we, too, have strong views about these matters. In fact, we have a stronger claim than the hon. gentleman because, while he has spent many active, interesting and imaginative years sitting on this side protesting, we have sat many years on that side of the house achieving.

Mr. E. Nasserden (Rosthern): Mr. Speaker, Rosthern constituency is a well-known agricultural area. It is probably best known as the home of world championship wheat—

An hon. Member: And Walter Tucker.

Mr. Nasserden: —the kind which first focused world attention on the superior quality of western grown wheat and cereals in the markets of the world that demand the best high protein wheat and flour. Besides that many championships in the pure bred classes for bacon hogs have come to our breeders and in other pure bred classes of livestock. I just want to say at this time in regard to dairying which is an important part of our economy in Rosthern constituency that the people there engaged in that industry are appreciative of what has been done by the present government and our Minister of Agriculture (Mr. Harkness) in this regard.

In recent years the grain producers in western Canada have known declining prices and rising costs and in their efforts to escape that situation they have turned to almost every avenue of revenue that could imaginably be turned to by people engaged in the agricultural industry. For instance, many of them have turned to the production of turkeys. After the experience of last year when the turkey industry was threatened by the dumping of United States turkeys on the Canadian market, I have yet to meet a turkey producer who was anything but "Diefenbaker, all the way".

As a result of the cost-price squeeze, many of our farmers have turned to the production of rapeseed and this acreage has increased until today many people believe that we may soon face a surplus in regard to that commodity. Many farmers have also turned to the production of flaxseed as a source of a cash crop. Generally speaking the producers of both those crops are well satisfied with the situation in that part of the industry. The notable exception to this is the question of freight rates on rapeseed which are so high that they constitute a very limiting factor in returning to the producer a full share of the selling price for that commodity. I have discussed this matter with several members of the cabinet and I am sure that when a decision is reached it will benefit the producers of that particular commodity.

The situation in regard to durum wheat is anything but rosy. There are many bushels which have been stored on farms for several months now. Some of the storage dates back to the time when the Liberal government was in power and when this grain is ultimately sold it will be sold at only a fraction of the cost that prevailed at the date the grain was grown by the farmers in those areas.

As hon. members know the price of rye is based on the open market and therefore subject to the wide fluctuations that used to prevail in the marketing of wheat, oats and barley before the advent of the Canadian wheat board as the sole marketing agency of western grown grains. There is a well founded feeling in many parts of western Canada and particularly among those who produce rye that as long as the government is not prepared to handle rye on the same basis as wheat, oats and barley, then the restriction in the marketing of this commodity should be relaxed so that a farmer might take advantage of the price when it suited him under that kind of situation. Once again I recommend this particular matter for the consideration of the Minister of Trade and Commerce (Mr. Churchill) and other members of the cabinet.

Something has been said here tonight and on other occasions about Bill No. 237 and what it does and does not do for the farm people of Canada. All I want to say about it is very little but I want to say this—

Mr. Speaker: I suggest to the hon. member that it would not be in order to go on discussing Bill No. 237. This is a grievance period, when only one grievance is supposed to be discussed. I take it we are discussing the question of deficiency payments and the government's policy on that matter.

Mr. Nasserden: I would like to thank the Speaker for the guidance he sought to give me. I would also like to point out it has a bearing on the situation of deficiency payments on grain in western Canada, but on the whole I shall try to tie myself very closely to the subject under discussion.

Each year farmers in western Canada have seen a widening of the gap between the income that they have received and the income received by other groups in this country and I predict that within the period of the next three years, unless something is done to indicate to western growers that the Canadian people want them as the producers of cereal grains, we shall see in western Canada a turn to the production of dairy products, poultry and hog and beef products,

such as this country has never seen before. As proof of that I would say that we receive a lot of literature in the House of Commons. I hold in my hand a letter on Canadian livestock products from the meat packers council of Canada and I quote from it:

> In Canada the increase in marketings in the first 20 weeks of this year over last was a little over seven per cent,—

This is in regard to hog production.

> —with a 19 per cent gain in western Canada offsetting a 1½ per cent decrease in the east.

I know from personal experience that many of the farmers in western Canada are putting capital expenditures into the erection of buildings suitable for the production of hogs. If that takes place it will mean that they are going to be in the business for a long time. It will mean that they are going to try to take advantage of the guarantees given in Bill No. 237.

As hon. members know, the prices of wheat, oats and barley have been on the decline over the past several years. These grains have been under a rigid quota system which has brought about some semblance of equality of delivery to those engaged in that production, but it has also put a problem upon our elevator companies which receive and store grain before they are called upon for delivery by the Canadian wheat board. Each year we have seen our grain handling companies devote large sums of money to a building program to enable them to receive and hold that grain, and each year we have seen the problem of storage on the farms increase and increase. On an average size farm in western Canada of about 400 acres under cultivation the general practice of good farmers is to seed half to crop and to summerfallow the other half. That means that with 200 acres in crop, if you take an average yield of 18 bushels per acre, which is just about the average for the last 10 years, you have something like 3,600 bushels of grain on a farm of that size. Out of that you have to take dockage, make allowance for shrinkage and loss in storage and then provide seed for the next year's crop. I think that that requires roughly another 400 bushels. That would leave a farmer with 3,200 bushels of grain to sell.

All hon. members have heard of the ravages of rust and what it can do to reduce the grade of the crop. All hon. members know what frost can do when it affects any crop, whether it is grain in western Canada or in eastern Canada, and all hon. members know that under unfavourable harvesting conditions, whether the crop is wheat, soybeans, tobacco or any other crop, there is a deterioration in quality and a loss in price. Usually in a year of poor harvesting conditions, grain in western Canada has gone into storage to deteriorate both before and after delivery to the elevators.

For instance, last fall rain resulted in mildew of much of the oats crop and as a result farmers were taking from 34 cents to 39 cents less per bushel for much of that crop. Under a system such as that I think it is fair to assume that a farmer gets little more than $1 per bushel for wheat year after year in actual take-home pay and under our quota systems with 400 acres and a quota of five or six bushels, the maximum that he can deliver is roughly 2,400 bushels. There is an initial quota of 300 bushels, making a total of 2,700 bushels, or $2,700. In addition to that, on a basis of the final payments this year, he can get perhaps another $200 and that would make a total of $2,900 before expenses and before the cost of living are taken into consideration. It is true that he still has 500 bushels in storage, but he has to provide storage facilities for that grain, just as he has to provide storage facilities for the other 2,700 bushels of grain that he has to carry from August 1 of one crop year until the end of the next crop year. In addition to this he must provide for paying taxes which are at an all-time high in this country. He must pay for insurance costs on buildings and on grain in storage, hail insurance, repairs to machinery, fuel and oil bills, chemicals and, in some cases, fertilizer as well as labour and all the other expenses that go into making a farm produce.

In the industrial areas of our country labour works for wages at so much an hour. From time to time we hear of limitations being set on the production levels of man hour work. Farm people have no choice but to pay those rates on everything that they buy that goes into the production plant on their farms. Farm people are entitled to returns—and I think every member from western Canada believes this—that will enable them to provide themselves and their families with returns over and above their ordinary operating expenses equal to that received by labour.

Since coming to this house and since coming to eastern Canada I have heard some people venture the opinion that 400 acres do not fully occupy a farmer during the year, and therefore he should not be expected to make a living on a 400 acre cultivated farm. I know from personal experience that it will require the full-time labour of a farmer from March to December to produce and to look after production on a 400 acre farm.

The only other thing that I would like to say is that there are some areas of western Canada, part of my constituency, part of the constituency represented by the hon. member for Humboldt-Melfort (Mr. Rapp), part of the constituency of Mackenzie (Mr. Korchinski) and part of the constituency represented by the Prime Minister (Mr. Diefenbaker) where the cost of labour is even greater because it requires more than one man to take care of 400 acres of a grain farm.

It is a generally accepted fact in western Canada, and I think almost any banker will confirm it, that many of the farmers have been living on their machinery depreciation during the last several years and if they were to go out today they would not be able to buy new equipment because they have spent the money in those years on family living costs. That is one of the reasons why industrial plants in eastern Canada have been shut. That is one of the reasons why men and women are idle in Canada today. For 12 years the best customers of the people in industrial Canada have been starved for income and as a result we are faced today with an unemployment situation such as the country has not seen for many years. During those 12 years the Liberal party, in power with majorities that compelled responsibility, failed time and time again to take appropriate action. Year by year marginal surpluses built up until they became unmanageable and the country found itself in real trouble.

An hon. Member: What are you doing about it?

Mr. Nasserden: You just cannot go out and sell a 12 year surplus at the drop of a hat. We on the government side who represent those who produce grain in western Canada know that the farmers are not asking for a handout. We have not seriously questioned the subsidies given other segments of the economy. We have not risen in our places to challenge the tariff policy which has been built up over a long period of years by other governments and parties until today it has become an integral part of the economy of the country. We are prepared to accept the voices of the representatives of other constituencies as the voices of the people of those constituencies. All we ask in return is that those who have come to the House of Commons from other parts of Canada give equal recognition to the rights and needs of the people who inhabit the three prairie provinces which have become known as the grain bin of an empire.

I have devoted more time to this particular matter than was my wish but since coming here I have been astounded by the fears rampant in Ontario townships and some parts of Quebec and the maritimes as to what may happen if western Canadian farmers turn in earnest to the production of those commodities that the farmers of the east have felt for so many years they had the sole right to produce. My only comment in that regard is the same as the one I made a few minutes ago with respect to hogs, that there is a trend today that far surpasses anything anyone in the house imagines if the remarks I have heard during the time I have been here are indicative of what is taking place in western Canada.

There is a great deal that can be said for deficiency payments, and I think everyone in this house, regardless of party, recognizes that the farmers of western Canada have laboured under a handicap not only for the last year or 18 months but for the last several years. I do not need to remind hon. members of what took place during the war years and what it cost western Canadian producers of cereal grains to be a patriotic part of the Canadian war effort. I believe, as the leader and members of our party believe, that the solution of this problem is the adoption of a national agricultural policy, a policy that will enable farmers in all parts of the country to realize that they do not have to come cap in hand to the government year by year asking for another morsel, whether you call that morsel deficiency payments or something else.

The other day in the house the leader of the C.C.F. intimated that if deficiency payments were not paid the Conservative party would forfeit much of the good will it has in western Canada. I say to him and to others of like mind that the making of deficiency payments alone is not the total answer to the plight of the western grain grower. We want a national policy that will continue from year to year so that the farmers of western Canada will be able to take pride in the fact that they are playing an equal part in the economic development of this great nation.

I can understand the anxiety that is felt in many parts of western Canada when the hon. member for Assiniboia (Mr. Argue) goes back west and says that the Conservative government will do nothing for the farmers. All I want to say is that those who do that, and it has been done for many years now, are more responsible than anyone else for the measure of hostility that I seem to sense even on the streets of Ottawa when the word "wheat" is mentioned. In the ordinary course of events it will take years for the Conservative members who have been sent to the House of Commons to overcome that measure

of inconsistency that has prevailed in the presentation of the demands that have been made so blatantly so many times by those who have come to the House of Commons with the slogan, "fight for the west".

I believe in a national policy for agriculture. I believe in the ability of the western Canadian members of the house to renew that confidence that should be part and parcel of the understanding between farm people in all parts of the country. Toward that happy end I am ready to work with those members and with the government to the end that the people of western Canada may say, as the president of the Canadian Federation of Agriculture is reported to have said at Winnipeg on June 25 of this year, "Never before have Canadian farm organizations played so influential a part in shaping national farm policy as in the last two years."

Something has been said about the election and about the promises during the campaign with regard to deficiency payments and agriculture generally.

Mr. Pickersgill: We seem to have forgotten about the grievance.

Mr. Nasserden: I rather wish that the Leader of the Opposition (Mr. Pearson) were here so that I might do this in his presence, but I am very happy to take this occasion to thank him for coming to my constituency during the campaign and outlining the Liberal agricultural policy. He was not able to speak tonight. Maybe I can tell the house something of what he advocated at that time.

Mr. Speaker: Order, I have allowed the hon. member a good deal of latitude and I do not think he ought to go back to the last election and general agricultural policy.

Mr. Nasserden: I am very glad to stay away from it then. You would probably see that I did anyway, but all I want to say now is that when an announcement is made I imagine it will be made by those who should make it, the Minister of Trade and Commerce and the Minister of Agriculture. When it is made I believe that hon. members to my right will find there will be something which will give the farm people of western Canada, not only another morsel but something upon which they can build their hopes for the future. It will amount to more than what one might call a deficiency payment. After all the problem is four-fold, as I see it. It takes into consideration this thing called credit that has been mentioned here tonight. It takes into consideration this thing called markets, the finding of markets and it takes in prices. Then it takes in above all else the shaping of the industry to the other parts of the economy of Canada.

I just want to say that during the period to which my hon. friends to the right referred western farm costs rose by 50 per cent while the price of wheat has fallen by almost 21 per cent. Something was said about the pledge of our leader with regard to deficiency payments. This is what he said at Moose Jaw:

> The question of deficiency payments on western Canadian wheat, oats and barley would get a sympathetic hearing from a Conservative government and it was one that needed full and careful consideration.

I submit to this house and to the people of western Canada that when he said "full consideration" that meant a program that would carry forward into the future. I believe, therefore, that the cabinet and the members of this house have been justified in giving this matter consideration until a decision is reached.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, in the few minutes that remain, I should like to say a few words about the topic raised by the hon. member for Assiniboia (Mr. Argue) namely deficiency payments. This topic was not reached by the hon. member for Essex East (Mr. Martin), although his speech was full of deficiencies, and his arguments had no bearing whatever on the topic under discussion. The subject is a troublesome one because it deals with one of the main problems facing Canada, the level of income of western agriculture. We do not consider that any more important than the income of agriculture elsewhere in Canada, but it has been indicated over the years, from a study of wheat production and other grains and the prices procured in world markets, that one of the great difficulties facing western agriculture has been the variability in income year after year depending on yield, price and other factors. Hence we have the suggestion now of deficiency payments to make up for the loss of income which western farmers have suffered over the years.

It is related to what the western farmer has called the cost-price squeeze. We have had representations from the interprovincial farm union people and from representatives of the various wheat pools. This subject is not raised for the first time on this occasion, and it has been given very careful consideration. The hon. member for Essex East quoted the words of the Prime Minister (Mr. Diefenbaker) to the effect that the government would give sympathetic consideration to this problem. That is precisely what has been done. It has been sympathetic consideration. We have heard the delegations

who have come here from time to time dealing with this problem. We have listened to their arguments. We have studied those arguments. We have prepared quite a bit of material from time to time in attempting to analyse this particular problem to ascertain if there was a satisfactory solution.

I can understand the impatience of people in western Canada anxious to get a reply to this particular question. There is a general impatience when problems like this are raised, and that impatience has been whipped up a bit by people like the hon. member for Assiniboia. But you will notice, Mr. Speaker, that tonight the authentic voice of western Canada was heard in the able speeches delivered by members like the hon. member for Acadia (Mr. Horner), the hon. member for Medicine Hat (Mr. Brunsden) and the hon. member for Rosthern (Mr. Nasserden). These hon. members from western Canada do not get the opportunity from day to day that is afforded to the hon. member for Assiniboia who, by virtue of the fact he represents a group in this house, gains the floor on almost every occasion and can pose questions to the government every day. This is a special privilege which is accorded to him by virtue of his position in this house, and by his chance survival last March 31.

But these other members, the three of them who have spoken tonight, are people with as much experience as the hon. member for Assiniboia, with as much knowledge of the problems of western agriculture, with as much sympathy for those problems as the hon. member indicates in this house. They have given very reasoned statements with regard to the problem and have not attempted to whip up any emotional response.

We have been considering sympathetically this particular problem. Last January when representatives of farmers' organizations were here in Ottawa I recall saying to them on the subject of deficiency payments, why do you come to the government and ask for this without yourselves doing some of the hard work? Why do you not give us some figure with which to work? What are you talking about? I recall saying to them, are you talking about $50 million or $150 million? Have you any plan of your own? Subsequently, they got to work and produced some figures. We, in our turn, have examined those, and generally there has been a useful consideration of this problem.

But I noticed with regard to those who are advocating deficiency payments that they have not given attention to some of the factors that should have been considered. In the first instance, the idea of deficiency payments originated not on this continent but in the United Kingdom and in Europe. In eight or nine countries situated across the Atlantic deficiency payments have been given to the growers of wheat for a number of years. The deficiency payments have been used as an incentive to production because those countries, with the exception of France on occasion—I am speaking now of the United Kingdom, Belgium, the Netherlands, West Germany and so on—did not produce a sufficient amount of wheat for their own use each year. Consequently they have endeavoured to stimulate that production by deficiency payments. It is an entirely different thing when you talk about deficiency payments in a country like Canada, which is one of the great exporters of wheat, the country that supplies those areas in Europe with a great part of the wheat that they need. It seems to me it is quite wrong to lift from a country in Europe which does not produce sufficient for its needs a plan such as deficiency payments and transport it over here to a country where that incentive to production is not required.

That is one point which was not considered by those who made presentations to us last year, and my hon. friend from Assiniboia in his argument tonight said nothing about certain other factors which should be considered. If you are going to discuss deficiency payments on the production of wheat you have to take into account increasing yields which have occurred over the years; you have to take into account more efficient production techniques, the decreasing number of farms and the effect of the size of farms upon the profitability of operation.

When you look at the farm picture in western Canada closely you find, as I believe my hon. friend from Medicine Hat pointed out tonight, that some farms are able to produce wheat at a profit but you also discover that perhaps some 50 per cent of the smaller farms, some of which are on unproductive land, are not able to do so. Hence, you get a demand for deficiency payments to take up the slack. It is a problem which is large in extent but whether or not deficiency payments are going to be made I am not in a position to state tonight.

I would however point out to those who have spoken on this subject that we are giving very active consideration to it. I hope there will be an answer before many more days have gone by and that answer will not be in response to any pressure exerted upon us in recent days or any threat, such as my hon. friend from Assiniboia has made on several occasions of some march on Ottawa by the people of western Canada.

Mr. Argue: Mr. Speaker, on a point of order. I know the minister wants to be fair and I think he will accept my word when

I tell him I have not insinuated any threat. I have merely outlined what I believe to be the facts as far as the wheat pool organizations are concerned. If my facts are incorrect I shall apologize for having given the house wrong information. I believe they are correct and I was referring only to decisions and policies of the wheat pool organizations.

Mr. Churchill: If I have misunderstood my hon. friend I am sorry, and I hope there is nothing like that behind any of his suggestions because I do not think that would be a responsible way to approach this particular problem. As I say, we hope to have an answer one way or the other but whether that answer will be deficiency payments depends upon a careful study of this question and I have pointed out some of the factors which must be considered.

As my hon. friend from Acadia pointed out, the most important thing of all in these days of large production is to dispose of all your stocks, get them moving to market and this, of course, is what has complicated the situation in recent years. Surplus stocks of wheat on the western prairies during the last several years, the inability of the farmers to market the grain stored on their farms, has meant that the income has not gone to the farmer in the year of his production, and then, the general over-all surplus on the North American continent in both Canada and the United States of America has of course had a depressing effect on world markets. These are things over which there is no ready control but, on the other hand, certain steps can be taken and before you reach the stage where you pay a deficiency payment I think some of these other matters should be pressed home until you are very clear that you have done everything possible to ease the situation.

This government's program is aimed in that very direction. The very fact that over the years an initial payment has been made on wheat has stabilized the situation in western Canada to some extent. A few years ago plans were made for the payment of storage charges on that amount in excess of 178 million bushels which over the last three years has resulted in the payment by the treasury of approximately $95 million as assistance or in discharge of the obligation on the part of the people of Canada to bear some of the burden of storing this surplus wheat. Such a burden should not be borne entirely by the farmers.

Then, last fall we introduced the cash advance legislation which was a stopgap measure designed to put ready cash into the farmers' pockets. The sum of $35 million was paid out, of which 90 per cent is already paid back. The Export Credits Insurance Act has been used to foster the sale of wheat on terms to certain countries which could not pay cash for it, and great efforts have been made to move wheat from Canada to overseas markets. The success of the exports of this crop year will mean that we will exceed the 300 million bushel quota which we set last summer and that will constitute a record in recent years for the sale of our wheat.

We have undertaken to provide through the Colombo plan long-term loans for wheat and gifts as a result of which about 40 million bushels of wheat have been moved already which otherwise would not have got into the world markets.

I see that my time has run out but I have outlined some of the policies which have been pursued by the government in a serious attempt to assist western agriculture and we are quite prepared to provide a comprehensive agricultural program, introducing measures other than the one proposed by my hon. friend tonight, which in the long run will have beneficial effects on western agriculture and as a result of which the western farmers and all of Canada will benefit.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

58. Departmental administration, $706,492.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

231. Departmental administration, $1,441,494.

PRIVY COUNCIL

308. To provide hereby, notwithstanding the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the Queen's Privy Council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $15,000.

Proceedings reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the house leader would tell us what the business will be for the rest of the week?

Mr. Green: Mr. Speaker, tomorrow we shall commence with item No. 8 on today's order paper, which is second reading of a bill to amend the Yukon Act; then item No. 9, second reading of a bill to amend the National Parks Act; then item No. 3, a resolution to introduce a measure to amend the Canadian Farm Loan Act.

Mr. Pickersgill: That is No. 3?

Mr. Green: It is the third on the list. We hope to send this bill to the agriculture committee; then item 10 on the day's order paper, second reading of the Taxation of Estates Act, which is to go to the banking and commerce committee; items 4 and 5 dealing with income tax conventions—

Mr. Benidickson: I do not think the bill is available yet; No. 4 is not available yet.

Mr. Green: Item 6 on the day's order paper, second reading of the act to amend the Prairie Grain Advance Payments Act; then item 13, the resolution preceding a measure to establish a national parole board. Then, if these should go through, we will take the estimates of the Department of Trade and Commerce. I am not sure about Thursday, but we may take any of those measures or the estimates of the Department of Trade and Commerce.

Mr. Pickersgill: It is not proposed to go on with budget resolutions either tomorrow or Thursday?

Mr. Green: It is possible that we may take budget resolutions on Thursday.

Mr. Pickersgill: Would the leader of the house try to get the government to make up its mind as early as possible so that we may have a little advance information?

Mr. Green: Unfortunately it is not my mind that has to be made up.

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

ANSWERS TO QUESTIONS

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

CANADIAN CONTRIBUTIONS, COLOMBO PLAN

Question No. 78—**Mr. Denis:**

What amount, in money or otherwise, was contributed by Canada to the Colombo plan each year since its inception?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

All moneys voted by parliament for Colombo plan assistance are, with minor exceptions, transferred to recipient countries in the form of goods and services. Canada's annual contributions to the plan since its inception in 1950 are as follows:

(Funds voted by fiscal years.)

1950-51	$ 400,000
1951-52	25,400,000
1952-53	25,400,000
1953-54	25,400,000
1954-55	25,400,000
1955-56	26,400,000
1956-57	34,400,000
1957-58	35,000,000

(main estimates).

It should also be noted that, in addition to the moneys voted for the Colombo plan, Canada has given certain amounts of wheat and flour to Colombo plan countries, as set out below:

Year	Country	Amount
1953-54	Pakistan	$5,000,000
1955-56	Pakistan	1,475,833
*1957-58	India	8,000,000
1958-59	Pakistan	4,000,000
	Ceylon	3,000,000

*Part of the total allocation of $15,000,000 for this program was financed from moneys authorized in 1957-58; the balance is provided for in the estimates for 1958-59.

VETERANS INSURANCE, N.B.

Question No. 153—**Mr. McWilliam:**

1. How many veterans domiciled in New Brunswick have insurance coverage under the Veterans Insurance Act?

2. What is the total amount of insurance coverage in force?

3. What are the regulations governing eligibility for this type of insurance?

Answer by: **Hon. A. J. Brooks (Minister of Veterans Affairs):**

Return at June 30, 1958:

1. Statistical records are not maintained to show the domicile of persons insured under the Veterans Insurance Act. The number of veterans so insured who were resident in the province of New Brunswick when their policies were issued is 652.

2. $86,243,034; of which $2,170,701 is carried by the 652 veterans aforesaid.

3. Eligibility of veterans for insurance under the Veterans Insurance Act is governed by the provisions of that act, of the veterans insurance regulations and, for veterans of the campaign in Korea, of the Veterans Benefit Act, 1954.

END OF VOLUME II